

As to the "appearance" aspect, are we allowed to mention that he will be the Keynote Speaker in the cover letter to our sponsorship materials discussing the details of the event? I have attached a copy of the cover letter here for your review.

[REDACTED] (B)(6)

On Tue, Jul 22, 2014 at 10:27 AM, [REDACTED] wrote:

(B)(6)

(B)(7)(c)

Ok, thanks. According to our ethics guidelines, SABA cannot use Preet's appearance as a fundraising draw prior to the event. One more question—is Preet receiving an award or just giving a speech? I need to pass the answer along to our ethics coordinator.

Many thanks,

[REDACTED] (B)(6)

(B)(7)(c)

From: [REDACTED] (B)(6)

Sent: Tuesday, July 22, 2014 10:15 AM

To: [REDACTED] (B)(6)

Subject: Re: Event with Preet (B)(7)(c)

Hi [REDACTED] (B)(6)

(B)(7)(c)

There won't be fundraising at the Annual Dinner. We will be raising money through sponsorships from various law firms and corporations, but that will be done in the next few months (well before the dinner) and the funds

will go to support SABA-NJ's activities. I know Mr. Bharara has been to SABANY's Gala in the past - it will be the same as that.

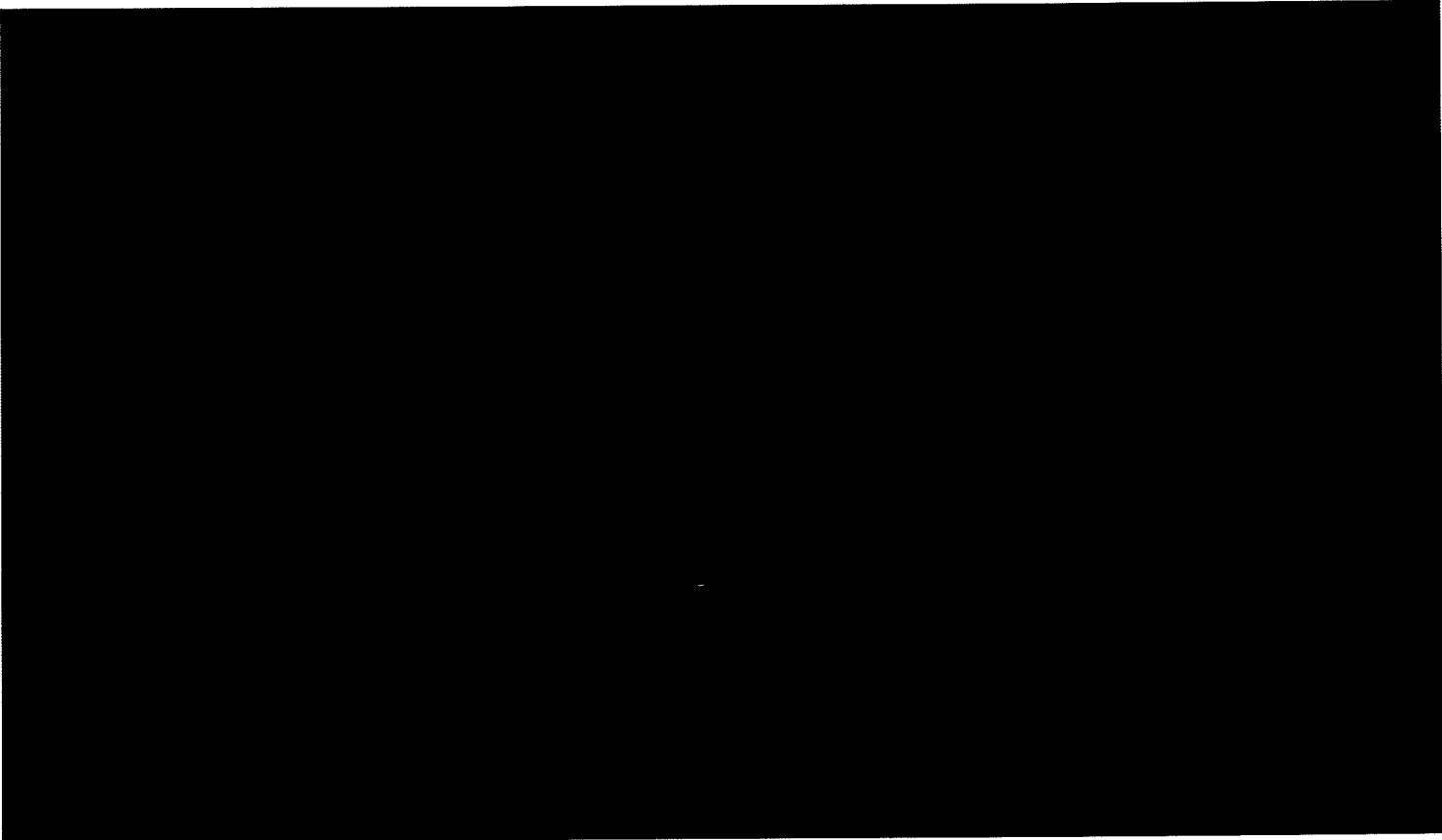
 (B)(6)

On Tue, Jul 22, 2014 at 9:53 AM,  wrote: (B)(6)
(B)(7)(c)

Quick question--- Will there be fundraising at the dinner? Thank you!

 (B)(6)

(B)(7)(c)



From: [REDACTED] (B)(6)
Sent: Friday, October 10, 2014 11:05 AM
To: [REDACTED] (B)(6) (B)(7)(c)
Cc: [REDACTED] (B)(6)
Subject: Re: NASALSA

Hello [REDACTED] (B)(6) (B)(7)(c)

15 minutes with a Q&A is perfect. I just got a response from Orrick about the lobbying issue and have attached the event vetting form for you!

Because of Preet's popularity we are using a different venue for Friday evening instead of the Orrick offices. We will now be hosting the event in the Stanford Law School lounge with the keynote taking place in one of their large classrooms. The address for this is 559 Nathan Abbott Way, Stanford, CA 94305. Orrick will still be covering our costs along with other sponsors, so I am not sure if we need to be as concerned with their lobbying activities since they are no longer our sole primary sponsor for this event.

The expected attendance is 150 people (capped at 200) and it will be mostly law students plus a few (10-15) attorneys in the mix to give the students some networking opportunities before and after the keynote.

Please let me know if you have any other questions or if there are any issues with the event vetting form. Once the form is approved, we will submit hotel registration information to you as we are working on keynote accommodations at the moment.

Best,
[REDACTED] (B)(6)

On Fri, Oct 10, 2014 at 7:47 AM, [REDACTED] wrote: (B)(6) (B)(7)(c)

Thanks for this information.

Can Preet speak for 15 minutes and then take questions from the audience? What is the expected attendance? Will it be mostly law students?

I do need you to complete the attached event vetting document. The U.S. Attorney's attendance and participation at all events must first be approved by DOJ.

We will take you up on your offer to reimburse our office for Preet's travel costs.

Thanks,

[REDACTED] (B)(6) (B)(7)(c)

(B)(6)

From: [REDACTED]
Sent: Monday, October 06, 2014 2:16 PM
To: [REDACTED] (B)(6) (B)(7)(c)
Cc: [REDACTED] (B)(6)
Subject: Re: NASALSA

Hello [REDACTED] (B)(6) (B)(7)(c)

Thank you for confirming with us, we are so excited to have Preet join us. I am working on getting the form details hashed out with Orrick - our Friday evening venue sponsor. We should get this back to you shortly.

We are pretty flexible on how long he can speak for, anywhere from 15 minutes-1 hour depending on how much he'd like to say. This is a law student focused event and we have a lot of people interested in learning from him. I am happy to provide any feedback on the speech if needed.

As for the fundraising questions on the form, we will not be doing any fundraising at the event itself. However, we are a nonprofit and are doing fundraising to be able to host the conference and to provide scholarships for our students. We are in the early stages of fundraising at this time, but are regularly updating our website - <http://nasalsa.org/our-sponsor-s/> with our sponsors. I was a bit confused as to whether you needed more information about our fundraising at the NASALSA conference or leading up to it. Please let me know if there is anything you need me to clarify.

Best,

[REDACTED] (B)(6)

On Mon, Oct 6, 2014 at 7:28 AM, [REDACTED] wrote: (B)(6)

(B)(7)(c)

U.S. Attorney Bharara would like to commit to the **Friday** keynote. Will there be fundraising? Can you please fill out the attached event vetting document for our ethics review process?

How long is he expected to speak?

Thanks,

[REDACTED] (B)(6) (B)(7)(c)

From: [REDACTED] (B)(6)
Sent: Thursday, October 02, 2014 11:48 AM
To: [REDACTED] (B)(6) (B)(7)(c)
Cc: [REDACTED] (B)(6)
Subject: Re: NASALSA

Hi [REDACTED] (B)(6) (B)(7)(c)

Monday is not a problem! Thanks again.

Best,

[REDACTED] (B)(6)

Sent from my iPhone

On Oct 2, 2014, at 8:08 AM, [REDACTED] wrote: (B)(6) (B)(7)(c)

Thank you so much. Do you mind if we get back to you with a final answer on Monday? We need to sort some things out first.

Sara

From: [REDACTED] (B)(6)
Sent: Wednesday, October 01, 2014 10:53 PM
To: [REDACTED] (B)(6) (B)(7)(c)
Cc: [REDACTED] (B)(6)
Subject: Re: FW: NASALSA

Hello [REDACTED] (B)(6) (B)(7)(c)

Thank you so much for the response. Below is our tentative itinerary (the venues are finalized) and both Friday and Saturday nights are open. We would love to have Preet as a keynote whichever evening is most convenient for him.

Friday, February 20th, 2015:

5-9:30pm Opening Ceremony at Orrick, Herrington, & Sutcliffe Offices in Menlo Park

Keynote anticipated to begin at 7:30pm

Saturday, February 21st, 2015:

6-9:30pm Scholarship Gala at Paul Brest Hall in Stanford University

Keynote anticipated to begin at 7:30pm

Theme: This year our theme for the conference is **Connecting the Circle: Incorporating a New South Asian Generation into the Legal Community**. The reason for this theme is that NASALSA is opening its doors to the undergraduate community for the first time to get more South Asian students interested in law school and

aware of the opportunities available before they begin their legal education. I would love to discuss this with Preet to help him develop a speech for this topic if needed if he can speak at our event.

Reimbursement: We are happy to reimburse Preet for any transportation and lodging expenses that he will incur. We will provide more information about hotels and transportation once we have a confirmation from him.

We are so grateful for yours and Preet's help and support. If you need any further information, please do not hesitate to contact me via e-mail at [REDACTED]
You can also read more about us at www.nasalsa.org.

(B)(6)

Best,

[REDACTED] (B)(6)

On Wed, Oct 1, 2014 at 1:52 PM, [REDACTED] wrote: (B)(6)

Hi [REDACTED] (B)(6) (B)(7)(c)

I'm cc'ing [REDACTED] She'll be able to help with the (B)(6)
scheduling and providing further details.

Thanks,

[REDACTED] (B)(6)

(B)(6)

On Wed, Oct 1, 2014 at 1:44 PM, [REDACTED] wrote: (B)(7)(c)

Sorry for the delay in getting back to you. Preet is quite likely to participate, but needs to sort some details out. Would the keynote be Friday night? That would be preferable.

Please let me know,

[REDACTED] (B)(6)

(B)(7)(c)

(B)(6)

From: [REDACTED]
Sent: Wednesday, September 24, 2014 2:57 PM

To: [REDACTED] (B)(6) (B)(7)(c)
Subject: Re: FW: NASALSA

(B)(6) (B)(7)(c)
Hi [REDACTED]

I think the group is starting to consider other speakers and just wanted to reach out to you once more to see if Preet is interested. Let me know!

Thanks, (B)(6)

[REDACTED]

On Fri, Sep 12, 2014 at 1:11 PM, [REDACTED] wrote: (B)(6)
(B)(7)(c)

Thanks, [REDACTED] don't have an answer for you yet unfortunately. (B)(6)

(B)(6)
From: [REDACTED]
Sent: Tuesday, September 09, 2014 1:19 PM
To: [REDACTED] (USANYS)
Subject: Re: FW: NASALSA (B)(6)
(B)(7)(c)

(B)(6)
Hi [REDACTED] (B)(7)(c)

I just wanted to follow-up on my previous e-mail. Let me know if you'd like any more information!

Thanks,
[REDACTED] (B)(6)

On Thu, Aug 21, 2014 at 3:40 PM, [REDACTED] wrote: (B)(6)

Hi [REDACTED] (B)(6) (B)(7)(c)

On a side tangent, I googled you and [REDACTED] (B)(6)

Anyway, as my previous e-mail suggested Preet has spoken at this conference twice before -- once in 2011 at NYU and in 2012 at Columbia University. It's a program for South Asian Law Students from across the country. The organization's website is: <http://nasalsa.org/>. This year the

conference is at Stanford Law the weekend of Feb. 20-21, 2015. If Preet is interested in speaking again this year, I'll link you up with the conference organizer -- my sense is that they would bend over backwards to have him speak. If you need any more information from, feel free to ask!

As an aside, Preet was a bit funnier but I can't let it go to his head!

Thanks,

(B)(6)

On Thu, Aug 21, 2014 at 3:05 PM, [REDACTED] wrote:

(B)(6)
(B)(7)(c)

(B)(6)

I am reaching out to you on behalf of the U.S. Attorney. Would you mind sending me the specifics about the NASALSA conference?

By the way, I thought Preet was funnier than Mindy Kaling!

Kind regards,

(B)(6)
(B)(7)(c)

(B)(6)

From: [REDACTED]
Sent: Wednesday, August 20, 2014 03:21 PM
To: Bharara, Preet (USANYS)
Subject: NASALSA

Hi Preet:

I hope all is well. I saw the video of your HLS commencement speech a few weeks ago and have to say that it was quite good -- not quite Mindy Kaling, but certainly up there.

I wanted to reach out to you to see if you had any interest in being the keynote speaker at the NASALSA conference this year. I realize you've been a keynote speaker twice now for the organization but people just can't get enough of you. *See, e.g.,* NYTimes Article dated Aug. 18, 2014. NASALSA is hosting the conference at Stanford Law School on February 20-21, 2015 and asked me to reach out to you to see if you would be interested in speaking. Let me know and I can put you in touch with the individuals running the conference this year.

Best,
[REDACTED]

(B)(6)

[REDACTED]

(B)(6)

(B)(6)
(B)(7)(c)

Subject: FW: ABTL Annual Seminar in October
Attachments: Event Vetting.docx

From: [REDACTED]
Sent: Friday, May 22, 2015 10:45 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: ABTL Annual Seminar in October

Preet can commit to Saturday night, but I need to get formal approval from our ethics advisor. Can you please complete the attached event vetting document? I am looping [REDACTED] who is taking over for me when I leave the office in one month. Thank you!

From: [REDACTED]
Sent: Wednesday, May 13, 2015 1:28 PM
To: [REDACTED]
Subject: RE: ABTL Annual Seminar in October

Hi [REDACTED]
No worries. Here is the relevant info from my earlier email. He can pick either night, and 20-20 minutes or so for remarks is typical but we're really flexible and would do whatever length Preet prefers. Attendance is typically 400-500 lawyers and judges.

Thanks so much!

The seminar lasts from October 1st through the 4th, and you would be welcome to stay the entire time or just some it, and we would work around whatever travel schedule you have and schedule your speech on Friday or Saturday night. We have a working theme for the event of "Digital world/ Analog Profession" or something like that, but you could speak to that topic or anything you like for 20-30 minutes, or longer if you prefer. It is a very well-attended event with trial lawyers, in-house lawyers, judges and justices from around the State. Most folks bring their spouses (and you are most welcome to bring your wife with you), some bring kids too, and we keep it very fun and casual with just the right amount of networking and substance to offset the golf and tennis. It's a really terrific property and always a very classy event. We would of course cover all travel, accommodation, and related expenses for you and your wife if you are able to join us. Please let us know if this is of interest to you and might work with your many other commitments, and we hope to see you in Ojai in the Fall.

From: [REDACTED] (B)(6) (B)(7)(c)
Sent: Wednesday, May 13, 2015 10:21 AM
To: [REDACTED] (B)(6)
Subject: RE: ABTL Annual Seminar in October

I'll try to get back to you ASAP. Please remind me – this is for the Friday or Saturday keynote slot? How long would Preet speak for and what is expected attendance? Thank you!

From: [REDACTED] (B)(6)
Sent: Monday, May 11, 2015 3:43 PM
To: [REDACTED] USANYS (B)(6) (B)(7)(c)
Subject: ABTL Annual Seminar in October

Hi [REDACTED] (B)(6) (B)(7)(c)
I'm sorry to be a pest but was wondering if you had any update on Preet's availability? The organizing committee is getting nervous and wants to be sure to have time to look for a "Plan B". We have only one "Plan A," and that's Preet!

Many thanks, and warmest regards,

[REDACTED] (B)(6)

Sent: Friday, April 24, 2015 6:00 PM
Subject: News Clips 04-24-2015



PDF icon

News Clips
Friday, April 24, 2015

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General Crimes

Daniel Gruber

Horace Mann abuse victim made 'death threats' to faculty: cops

New York Post

By Julia Marsh and Lia Eustachewich

April 24, 2015 | 12:58am

A Horace Mann alumnus who was sexually abused at the school has been arrested for allegedly posting threats against faculty online, sources told The Post.

In the expletive-filled rants, Daniel Gruber alludes to child sex abuse — referring to victims as “the innocent” — while threatening to kill certain administrators at the elite Bronx school, a criminal complaint says.

“I am a killer,” the Englewood, NJ, man allegedly wrote March 9 to a person identified only as “Victim 1,” “but only if [I] was given the power to do so on behalf of the innocent. In another lifetime sir.”

Gruber, 36, a convicted sex offender, wrote the hateful, often anti-Semitic diatribes between March and April on his public Google Plus account and in e-mails as “Daniel Wintour” and “Daniel Kaufman,” court papers say.

“You are an extraordinarily dangerous man . . . You owe your f--king rabbi an apology. You owe me a f--king apology, my mother and my brother and my sister,” Gruber allegedly said in a voice mail to Victim 1 on April 9.

That same day, he allegedly slammed the school on Google for its “fake devil worshipping pedophiles” and said it should be “burned to the ground.”

In March, Gruber warned Victim 1 to watch for the “red dot” on his forehead and boasted that he shoots “to kill,” court papers said.

Multiple sources confirmed that Gruber is one of dozens of students who were abused while attending Horace Mann between the 1970s and the 1990s.

He was charged Thursday with one count of stalking in Manhattan federal court after feds arrested him a day earlier. He was being held without bail and faces up to five years in prison.

His attorney Jonathan Marvinny didn't return a call for comment.

On his Google Plus profile, Gruber also rants about Justin Bieber and President Obama and calls on CNN's Anderson Cooper to “grow some balls and help rid Horace Mann of child killers.”

He was also busted last week in The Bronx for allegedly leaving vicious voice mails on a Horace Mann administrator's phone.

“You f--king f---t, I'm going to f--king kill you. Leave the school or I'm going to f--king burn it down,” he said in one message, according to court papers.

He was charged with harassment.

In that case, his attorney Emil Piedra told a judge the threats were motivated by “deals related to the school over the past three years,” The Riverdale Press reported.

Piedra also did not return a message.

Sex offender charged with allegedly stalking Bronx prep school

NEW YORK DAILY NEWS /
BY Denis Slattery /
Thursday, April 23, 2015, 10:55 PM

A registered sex offender was hit with federal stalking charges after allegedly making threatening phone calls and disturbing online posts about prestigious prep school Horace Mann.

Daniel Gruber, 36, a graduate of the Bronx school with a record of sexual offences, was arrested on two counts of harassment last week. On Thursday, U.S. Attorney Preet Bharara's office added stalking charges.

Gruber made a series of harassing Internet posts, emails and telephone calls to various school administrators, according to court documents.

Gruber allegedly left a message for a school administrator saying, "I'm going to f---ing kill you. Leave the school or I'm going to f---ing burn it down."

The arrest follows years of negotiations between the school and about 30 graduates who claim they were sexually abused by staff.

Gruber was ordered held on \$10,000 bail.

N.J. man charged with threatening to kill faculty at school where he was molested, report says

NJ.com

By Jeff Goldman

April 24, 2015 at 10:25 AM, updated April 24, 2015 at 10:27 AM

NEW YORK — An Englewood man has been accused of making death threats against faculty at a New York prep school he once attended, according to NYPost.com.

Convicted sex offender Daniel Gruber, 36, is charged with one count of stalking.

According to the Post, Gruber is one of dozens of students who were sexually assaulted during their time at Horace Mann, an exclusive private school in the Bronx, N.Y.

Gruber wrote hate-filled messages in March and April on his public Google Plus account and in emails to employees, a criminal complaint says. Some were anti-Semitic, the report said.

He also left a threatening voice mail for an administrator and was charged with harassment, according to the Post.

Complex Frauds & Cybercrime

Ross Ulbricht

Silk Road Drug Sales Linked by U.S. to Six Overdose Deaths

Bloomberg

By Erik Larson and Bob Van Voris

1:44 PM EDT April 24, 2015

Drug sales from the illicit Silk Road online emporium were linked to six overdose deaths by U.S. prosecutors seeking to send the site's founder to prison.

The U.S. plans to have parents of two of the individuals, who allegedly overdosed on drugs bought through Silk Road, speak at the sentencing of Ross Ulbricht, the site's founder, his lawyers said in a court filing.

Ulbricht, who faces life in prison for running the underground Internet emporium catering to criminals, wants to delay the sentencing until June to counter the new claims. The sentencing is currently set for May 15.

The defense needs an extra month to prepare travel and appearances by experts and other potential witnesses, who will try to show the deaths aren't directly linked to Silk Road, the lawyers said Friday in a filing in Manhattan federal court.

Prosecutors should provide more evidence about the deaths, including proof the drugs were purchased on Silk Road, medical records about possible pre-existing conditions, autopsy reports and toxicology reports, the defense said in the filing.

"The materials provided thus far by the government are woefully incomplete," attorney Joshua Dratel said in the filing.

Ulbricht, who used the moniker "Dread Pirate Roberts," offered hackers and drug traffickers the chance to anonymously buy illegal merchandise and services with bitcoins. In February, a jury took just three and a half hours to find him guilty on all seven federal charges.

Ulbricht ran Silk Road from 2011 to 2013, armed only with a laptop and a Wi-Fi connection, prosecutors claimed during the trial. When he was arrested, his computer was filled with evidence showing he conceived the site, ran it and even tried to arrange the murder of five people who threatened the anonymity of buyers and sellers, according to the prosecutors.

The case is U.S. v. Ulbricht, 14-cr-068, U.S. District Court, Southern District of New York (Manhattan).

Money Laundering & Asset Forfeiture

New York Public Library Theft

'Theft' of centuries-old books from NYPL probed by grand jury

New York Post

By Rich Calder

April 24, 2015 | 3:35pm

A federal grand jury in Manhattan is probing the alleged theft of eight centuries-old books from the New York Public Library that have been missing for three decades and are worth a fortune – including an original Benjamin Franklin manuscript and seven bibles.

Manhattan US Attorney Preet Bharara empaneled the grand jury earlier this month at NYPL's request and has used subpoenas to temporarily take possession of the "priceless" books — including an 18th Century workbook from Ben Franklin's printing house appraised at more than \$1 million and seven bibles published between 1672 to 1861, according to court documents filed by prosecutors this week.

The feds are pursuing potential criminal charges in the bizarre case even though a state judge has been asked to rule on rightful ownership. Days after the federal probe began, Margaret Tanchuck of Glen Head, NY, filed a lawsuit in Nassau County Supreme Court against NYPL for threatening her with criminal action — even though the books have been in her family for nearly 30 years and she says she only learned they existed while recently administering her late parents' estates.

Daniel Arshack, a lawyer for the 50-year-old Tanchuck, said he believes the feds have overstepped their bounds by getting involved in a civil dispute that should be decided by a judge. He said his client has no way of knowing how her family came in possession of the books and that NYPL has no documentation showing how the items left its possession.

"It's just horrifying that a woman who is having to deal with the passing of her mother and father should suddenly find herself being the subject of a federal investigation based only on her doing exactly what the law requires her to do" by getting the books appraised, Arshack said.

The lawyer also said he is especially concerned because Bharara's office has not given him any assurances that it will return the books to his client — even if she prevails in her lawsuit. He has filed legal papers seeking to have the grand jury subpoenas quashed or modified, and a hearing is set to be held on the matter Tuesday in Manhattan federal court.

Manhattan auction house Doyle New York jump-started the controversy while appraising the books in July 2014 by determining serial numbers on the items revealed they belonged to NYPL.

The books were once reference-desk materials that couldn't be checked out by the public, and although NYPL had never reported them missing it began vigorously pursuing their return after learning of its existence. A source familiar with the case said Tanchuck offered to sell the books to NYPL for "millions of dollars" but library officials instead opted to contact the feds rather than shell out plenty of Benjamins.

"This material was evidently stolen from the Library, and now someone is trying to profit from it," said NYPL spokesman Ken Weine in a statement. "We will aggressively work to ensure that this material is returned to the public domain where it belongs."

Grand Jury Probes Suspected Theft of Benjamin Franklin Manuscript

Missing New York Public Library books reported after being taken for appraisal

Wall Street Journal
By Nicole Hong
April 24, 2015 2:44 p.m. ET

Margaret Tanchuck was cleaning out her late father's jewelry store about a year and a half ago when she found some old Bibles and books, including a centuries-old manuscript by Benjamin Franklin potentially worth more than \$1 million.

The only catch was the New York Public Library call numbers on the spines.

Now, the manuscript—a handwritten workbook of the items printed in Mr. Franklin's print shop in the 18th century—and seven other rare books are at the heart of a contentious dispute between the 50-year-old Nassau County woman and the library, which alleges the books were stolen from the library decades ago.

The library found out about the items last year when Ms. Tanchuck was administering her parents' estate and took the books to William Doyle Galleries Inc., also known as Doyle New York, for an appraisal. After noticing the call numbers, the gallery contacted the library with Ms. Tanchuck's permission, court documents say.

Prosecutors from the Manhattan U.S. Attorney's Office have waded into the fight, initiating a grand jury investigation into whether Ms. Tanchuck violated the law when she tried to get the items appraised for sale, according to court documents. At least two subpoenas went out earlier this month to Doyle, according to Ms. Tanchuck's lawyer.

"She's never known how they left the library," said Daniel Arshack, Ms. Tanchuck's lawyer. "It's horrifying that she's being viewed as a potential criminal."

The library says the books were "somehow taken...between 1988 and 1991," according to court documents filed by Ms. Tanchuck's lawyer. Ms. Tanchuck said the items have belonged to her family for almost three decades and that the library didn't take action or alert anyone of the loss until Ms. Tanchuck's appraisal. Earlier this month, she filed a civil action in New York state court asking a judge to determine who should own the books.

Mr. Arshack says Ms. Tanchuck doesn't know how these items came into her family's possession and that the two people who would have known—her parents—have passed away.

The library didn't pursue the claim earlier because it was unaware of the books' whereabouts, according to spokespeople for the library, saying it's not unusual for institutions to pursue stolen items decades after they go missing.

"This material was evidently stolen from the library, and now someone is trying to profit from it," said Ken Weine, vice president of communications and marketing for the New York Public Library, in an emailed statement. "We will aggressively work to ensure that this material is returned to the public domain where it belongs."

The books are currently in government custody after being seized last week under a grand jury subpoena, according to a court filing from prosecutors.

The grand jury is investigating whether Ms. Tanchuck violated a statute that makes it a crime to "dispose" of "an object of cultural heritage from a museum...knowing that it has been stolen or obtained by fraud," the filing said.

Ms. Tanchuck's lawyer has contested the subpoena that led to the government's seizure of the items, and a hearing related to the subpoena is scheduled for Tuesday before a judge in Manhattan federal court. Prosecutors said in a court filing that the government needs to examine and keep the items to further its investigation.

A spokeswoman for the Manhattan U.S. Attorney's office declined to comment. The gallery, which has been subpoenaed by the grand jury, also declined to comment.

Securities & Commodities Fraud

Steven Wessel

NYC man pleads guilty to defrauding 2 investors

Newsday

By The Associated Press

April 24, 2015 6:52 AM

NEW YORK - (AP) -- A New York City man who prosecutors say presented himself as a savvy adviser to his clients has pleaded guilty to defrauding two investors.

Steven Wessel, who was previously convicted of bank fraud charges, entered the plea on Wednesday.

The Wall Street Journal (<http://on.wsj.com/1bAcgBP>) says Wessel will be sentenced on Aug. 25.

Manhattan U.S. Attorney Preet Bharara says Wessel lied to his clients and made false promises.

He says Wessel developed an elaborate scheme using some money from a would-be investor to pay restitution in a previous bank fraud conviction.

Wessel's attorney says his client has decided to accept responsibility for his conduct.

Wessel also goes by the name Wes Wessel.

Todd Newman

Southern District Allows SEC Insider Trading Case to Proceed, Distinguishing Newman

JD Supra Business Advisor

By Michael Asaro, James Benjamin, Joseph Boryshansky, Jason Daniel, Robert Hotz, Douglass Maynard, Bruce Mendelsohn, Akin Gump Strauss Hauer & Feld LLP

4/23/2015

A recent decision from the United States District Court for the Southern District of New York allowing a U.S. Securities and Exchange Commission (SEC) civil enforcement action to proceed against two former stockbrokers for alleged insider trading violations sheds additional light on application of the 2nd Circuit's decision in *United States v. Newman*, No. 13-1837-cr(L) (2d Cir. Dec. 10, 2014). In the new decision, *SEC v. Payton*, No. 14 Civ. 4644 (S.D.N.Y. Apr. 6, 2015), Judge Jed S. Rakoff upheld the SEC's allegations that traders Daryl Payton and Benjamin Durant III of Euro Pacific Capital improperly traded software company SPSS, Inc.'s stock based on material nonpublic information regarding the company's pending acquisition by IBM. Payton and Durant allegedly received the tips from their Euro Pacific colleague Thomas Conradt, who in turn received them from his roommate, Trent Martin. Martin, in turn, originally learned of details regarding the IBM acquisition from a law firm associate working on the SPSS/IBM deal.

As previously reported, the 2nd Circuit's December 2014 Newman decision attempted to clarify and delineate the boundaries of insider trading liability in tipper-tippee scenarios by holding that: (1) the personal benefit provided to the tipper—which has long been recognized as a necessary precondition in order for tipper-tippee insider trading liability to attach—must amount to a potential gain to the tipper of a pecuniary or similarly valuable nature and must resemble a quid pro quo; and (2) a tippee must know that the insider received a personal benefit. The Newman decision has been the subject of much commentary and has led the government to abandon prosecution of some criminal cases in which the evidence of the personal benefit to the tipper, or the tippee's knowledge of the benefit, was deemed insufficient under Newman. Indeed, in February 2015, the U.S. Attorney's Office for the Southern District of New York dropped the criminal insider trading charges pending against defendants Payton and Durant in light of Newman.

The SEC, however, continued with its civil enforcement proceedings against these same defendants. In motion practice before Judge Rakoff, the SEC argued that Newman should be confined to criminal proceedings. Significantly, Judge Rakoff rejected this argument, holding that the principles of Newman apply to both criminal Department of Justice prosecutions and civil SEC proceedings. In his opinion, however, Judge Rakoff emphasized the different mens rea requirements for criminal and civil insider trading liability, with the former requiring willful or knowing conduct and the latter requiring only recklessness. The lower civil recklessness standard helped inform Judge Rakoff's assessment of the sufficiency of the pleaded facts before him in Payton.

In upholding the SEC's complaint, Judge Rakoff emphasized that the facts at issue in Payton were substantially different from those in Newman. He found that the SEC alleged a close and financially dependent relationship between Conradt and Martin, including Conradt's leadership in managing and negotiating their living expenses and Conradt's role in assisting Martin with a criminal legal matter. Martin allegedly thanked Conradt for such assistance while simultaneously making reference to profits realized by Conradt from the SPSS trading. The court concluded that these allegations were sufficient to suggest a quid pro quo and a cognizable personal benefit to Martin in exchange for the inside information. The court also found sufficient allegations of the downstream tippees' knowledge of these reciprocal benefits insofar as both Payton and Durant were alleged to be aware of the friendship and exchange of information between Conradt and Martin and were further alleged to have consciously avoided discovering additional details surrounding the tip. Additionally, the court noted that Payton and Durant took multiple steps to conceal their own trading in SPSS securities, which strengthened the inference of bad intent. As a result, the court denied the defendants' motion to dismiss the SEC's civil complaint.

The court's ruling may signal that Newman will have less of a limiting effect in the SEC civil enforcement context, where intent requirements are more relaxed, than in criminal cases. The impact of Newman in any particular case, however, will continue to turn heavily on the admissible evidence of a sufficient personal benefit and the downstream tippees' knowledge of the benefit. The Payton ruling also demonstrates that courts will be willing to distinguish the facts in Newman, as appropriate, when factual differences might meet the Newman standard, but this merely reflects the normal process of case-by-case adjudication. It must be remembered, moreover, that the Payton decision involved a motion to dismiss for which all facts alleged were assumed true and all reasonable inferences made in favor of the SEC. Newman, by contrast, was an appeal from judgments of conviction following a jury trial and the development of a fulsome factual record. At the very least, this recent decision underscores that, despite Newman, in cases with a sufficient evidentiary predicate, the government retains powerful tools, including civil enforcement, as a means of policing tipper-tippee theories of insider trading liability.

Public Corruption

RPA Speech

Bharara Blasts 'Systemic' Corruption In NY

Law360

By Stephanie Russell-Kraft

April 24, 2015, 3:04 PM ET

Law360, New York (April 24, 2015, 3:04 PM ET) -- U.S. Attorney Preet Bharara said Friday that corruption in New York is a "systemic" problem in need of public discussion, comments that come in the wake of a New York federal judge scolding the prosecutor for bundling allegations of corruption against former state Assembly Speaker Sheldon Silver with a broader commentary on corruption in the state.

During remarks at a conference hosted by the Regional Plan Association, a non-profit regional planning organization focused on transportation and infrastructure in the New York metropolitan area, Bharara said that the primary focus of anti-corruption work should be to "achieve honest and transparent government," not just prosecuting crimes. To that end, he said, enhancing public awareness of corruption is necessary.

His speech came just two weeks after District Judge Judge Valerie Caproni chided him for straying "close to the edge" of the rules governing his conduct as a prosecutor when he publicly castigated politicians in Albany for "playing fast and loose" with their own rules. In particular, the judge said she was troubled by comments in which Bharara "appeared to bundle together unproven allegations regarding the defendant with broader commentary on corruption and a lack of transparency in certain aspects of New York state politics."

But Bharara continued to provide commentary on that corruption Friday.

"There are very, very fine, dedicated, honest people in government," Bharara said. "But I do think that the record shows that the problem of corruption in New York is systemic, not merely episodic. And so our public corruption work has, by necessity, public policy significance."

Whether it is about gang violence, corruption, drug trafficking or fraud on Wall Street, Bharara said it is "fundamentally" important to talk about systemic crime in order to raise public awareness and ultimately prevent and deter more from taking place.

"In order to transform things, in order to change culture, there needs to be public awareness," he said. "Without public awareness, there is no focus. Without public awareness, there is no resolve. Without public awareness, things tend to never change."

New Yorkers won't be able to "fix big problems or dream big things" if they are weighed down by corruption in politics, he said, adding that state government has "never been more important," particularly in light of the current gridlock facing Washington, D.C.

"It turns out that what happens in Albany is important," he said. "What transpires there is important. Even state legislators, believe it or not, are important."

--Additional reporting by Max Stendahl. Editing by Philip Shea.

Preet Bharara Says He'll Spur Improvement of Political System That Has 'Broken Down'

New York Observer

By Ross Barkan |

04/24/15 2:11pm

In yet another public appearance for the swaggering prosecutor, U.S. Attorney Preet Bharara declared today that his corruption investigations would spur the improvement of a political system that he said had “broken down.”

Mr. Bharara, delivering the keynote address at a Regional Plan Association convention in Manhattan, said his many Albany investigations would force a calcified government to adopt reform—arguing his office’s successful prosecutions even led to the end of member items in state government.

“Prosecution of crime generally is not just an end of itself,” Mr. Bharara told a packed ballroom at the Waldorf Astoria “The point is not just to punish a politician that has broken the law but to help spur the improvement of a political system that has broken down.”

He added: “The problem of corruption in New York is systemic and not merely episodic.”

Mr. Bharara’s office is reportedly investigating State Senator Dean Skelos, the Republican majority leader, and Gov. Andrew Cuomo, a Democrat. He indicted former Assembly Speaker Sheldon Silver earlier this year on corruption charges, forcing him to step down from his powerful post. A sprawling federal investigation into a bribery scheme hatched during the 2013 mayoral race led to the successful prosecutions of Malcolm Smith, a former state senate majority leader, and Dan Halloran, a former Republican city councilman.

But Mr. Bharara, who once warned other state lawmakers to “stay tuned” to more investigations, has been criticized by some legal observers and even judges for his frequent public commentaries. Critics say Mr. Bharara, as a federal prosecutor, should not be opining on public policy—a fellow U.S. attorney, Loretta Lynch, successfully prosecuted elected officials but shunned the speaking circuit. (Ms. Lynch was confirmed yesterday as the new U.S. attorney general, a post Mr. Bharara was reportedly interested in seeking.)

Mr. Bharara again defended himself today, arguing to the crowd that raising the public’s awareness of corruption is part of his job.

“So whether it’s gang violence or cyber crime or national security or drug trafficking or a prescription pill epidemic or fraud on Wall Street, it’s fundamentally important to talk about those issues so that ... we are not just focusing on prosecuting crime but also preventing and deterring and raising public awareness is a central part of that responsibility,” he said.

In order to transform a corrupt political culture, “there needs to be public awareness,” Mr. Bharara continued. “Without public awareness, there is no focus. Without public awareness, there is no resolve. Without public awareness, things tend to never change.”

His crusade to “clean up government” is particularly essential because Albany has so much power over local municipalities, including New York City, he contended. With less federal help than there used to be, a more honest, efficient and incorruptible state government is needed more than ever, Mr. Bharara said.

“What happens in Albany is important, what transpires there is important. Even state legislators, believe it or not, are important,” he said to some laughter. “We need a state government that is willing to and capable of tackling the pressing public policy challenges of our time.”

Mr. Bharara was not shy about touting the political scalps he's racked up. Using the example of his office winning a corruption conviction of former Bronx Assemblyman Eric Stevenson, Mr. Bharara said he began to question just how much legislation had been for sale in Albany.

"How many past bills were born of bribery?" he asked.

Bharara says awareness of cases 'central' responsibility

Capitol Confidential

By Chris Bragg

Posted on April 24, 2015 at 4:52 pm

In remarks Friday afternoon in Manhattan, Southern District U.S. Attorney Preet Bharara defended promoting “public awareness” of corruption cases, days after a judge was critical of the “media blitz” surrounding his case against former Assembly Speaker Sheldon Silver.

“Basic public awareness is a central part of our responsibility,” Bharara told attendees of the Regional Plan Association conference. “Without public awareness, there is no focus. Without public awareness, there is no resolve. Without public awareness, things tend to never change.”

The federal judge, while ruling not to dismiss charges against Silver, wrote that cases should be tried in court, not in the media.

In his remarks Friday, Bharara emphasized that casting light on these cases was crucial, but did not mention his ongoing case against Silver, or another reported investigation into Senate Majority Leader Dean Skelos.

Bharara also told attendees of the conference held by RPA – which focuses on solving major problems in the New York metropolitan area – that his office’s public corruption cases were indeed tied to their policy work.

“A political system that can’t even fix itself, that can’t even police itself, that can’t even reform itself, how can such a system address the most intractable, long-term problems that consume the good people of this assembly?” Bharara said.

On Friday morning, Gov. Andrew Cuomo told civic leaders from the Association for a Better New York, in his own speech in Manhattan, that state government was making accomplishments unprecedented in modern times, and functioning at a high level.

A few hours later, and blocks away at the Waldorf Astoria, Bharara painted a darker picture of the government led by Cuomo, whose administration Bharara has been investigating over the demise of the Moreland Commission.

Bharara noted that one broader change his cases had produced was ending the Legislature’s practice of distributing new legislative pork, or member items, in the state budget. The practice ceased in 2010 after Bharara brought several cases, including against ex-Assemblyman Brian McLaughlin and former state Sen. Efrain Gonzalez.

“In the public corruption context, the point is not just to punish a politician that has broken the law, but to help spur the movement of the political system that is broken down,” Bharara said. “The actual reform is of course for other people to do.”

Bharara also noted his bribery case against former Bronx Assemblyman Eric Stevenson, who was convicted of taking thousands of dollars in exchange for introducing legislation benefiting his bribers seeking to open adult daycare centers. Bharara said it could be one example of a bigger problem.

“How many other bills were born of bribery?” Bharara said. “How many passed bills were born of bribery?”

Bharara – whose critics say he has been overzealous – did not mention that federal officials, working with an informant, played a major role in crafting the very legislation Stevenson went on to introduce.

Sheldon Silver

Ex-NY Assembly speaker faces new charges, including over investment

Reuters

By Nate Raymond

Thu Apr 23, 2015 7:18pm EDT

(Reuters) - U.S. prosecutors unveiled new charges against former New York State Assembly Speaker Sheldon Silver on Thursday, accusing him of taking official actions on behalf of an investor who provided access to a high-return, low-risk investment vehicle.

A revised indictment issued by a Manhattan federal grand jury added four new counts to three earlier ones facing the Democratic politician, who was first hit with public corruption charges in January.

Beyond charges of honest services mail and wire fraud and extortion, the indictment says Silver engaged in monetary transactions involving crime proceeds by investing money from the scheme in a private investment vehicle.

Silver previously pleaded not guilty. His lawyers, Joel Cohen and Steven Molo, said in a joint statement that the filing was "an attempt by the government to address defects in the indictment that we raised in our motion to dismiss."

Silver, 71, was previously accused of using his position at a law firm to conceal more than \$3 million earned referring asbestos sufferers to the firm from a doctor whose research received secret benefits, including \$500,000 in state grants.

Prosecutors say Silver, who remains an assemblyman for Manhattan's Lower East Side after resigning as speaker, also received \$700,000 by steering real estate developers with business before the legislature to another law firm.

Of that money, \$642,000 went into an investment vehicle that Silver gained access to through an investor he had a relationship with, the indictment said.

Silver never paid fees to the investor, but took certain official actions at the investor's request, the indictment said.

By January, Silver's investment in the high-rate, little-risk investment vehicle had grown to \$1.4 million, the indictment said.

New Charge Filed Against Sheldon Silver

Silver allegedly did official favors in exchange for access to investment opportunities

Wall Street Journal

By Rebecca Davis O'Brien

April 23, 2015 8:46 p.m. ET

Federal prosecutors filed a new charge against former New York state Assembly speaker Sheldon Silver on Thursday, alleging that he did official favors for an investor in exchange for access to high-yield investment opportunities for proceeds from his illegal conduct.

Mr. Silver was indicted in February on three counts—mail fraud, wire fraud and extortion—stemming from two schemes in which the Manhattan Democrat allegedly used his political power to elicit payments and kickbacks from real-estate developers and through referrals to a personal-injury law firm.

The seven-count superseding indictment filed late Thursday by U.S. Attorney Preet Bharara expands upon the original charges: Mr. Silver now faces two counts each of mail and wire fraud and extortion, in connection with the individual alleged schemes, in addition to the new charge of engaging in monetary transactions involving crime proceeds.

Mr. Silver has pleaded not guilty. Mr. Silver's lawyer, Joel Cohen, said in a statement Thursday that they would address the charges in court. "This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss," Mr. Cohen said.

A spokesman for Mr. Bharara's office couldn't be reached for comment. Earlier this month, the federal judge hearing the case denied Mr. Silver's bid to have the corruption charges against him dismissed, but also chided Mr. Bharara for a "media blitz" following Mr. Silver's arrest.

The new charge details how Mr. Silver allegedly directed the investment of \$4 million in illegal proceeds authorities say he earned from real-estate kickbacks and asbestos-patient referral fees. Starting in 2006, Mr. Silver transferred funds from his personal account and had an investor spread them among a number of private, high-yield investment vehicles, to which the investor provided access, the indictment says.

Mr. Silver rewarded the investor by taking "certain official actions" the investor had requested.

The investment adviser isn't named in the indictment; Mr. Silver didn't pay the adviser a fee and didn't disclose the source of the funds, according to the indictment.

The new indictment includes more details and tweaked wording on the original counts. For example, Mr. Silver's appointment to the State Public Authority Control Board is now cited as the source of oversight and approval power on tax-subsidized loans sought by and granted to one of the developers involved in his alleged scheme.

This isn't the first change in the charges against Mr. Silver. In January, Mr. Silver was arrested and charged in a five-count complaint, but two of the charges—one count each of mail fraud and extortion—didn't appear in the February indictment. The two charges hadn't been presented to the grand jury, a person familiar with the proceedings said at the time.

Feds beef up Silver indictment with new charge

New York Post

By Josh Saul

April 23, 2015 | 6:28pm

Former Assembly Speaker Sheldon Silver put \$340,000 from his account under a family member's name in 2011 to dodge disclosure laws that would have forced him to reveal his shady investments, new court papers claim.

The move was revealed in an updated indictment filed late Thursday by federal prosecutors. Silver was indicted in January on a \$4 million bribery and kickback scheme.

"In anticipation of a change in law requiring state legislators to more fully disclose to the public the amount of their outside income, investments and loans, Sheldon Silver transferred more than \$340,000 of his investment in Investment Vehicle-1 into the name of a family member, thereby avoiding future disclosure to the public of the full amount of his investment," the new indictment reads.

Federal prosecutors now charge that Silver funded Investment Vehicle-1 with money from his illegal bribery and kickback schemes.

Silver's lawyers said he is not guilty and vowed to continue to fight for his vindication.

"This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss. We are reviewing this new pleading and we will respond as before, in court," defense attorneys Joel Cohen and Steven Molo said in a statement.

Sheldon Silver Faces New Charge in Corruption Case

The New York Times
APRIL 23, 2015

Federal prosecutors filed a new criminal charge on Thursday against Sheldon Silver, the former speaker of the State Assembly, and split each of the three fraud counts he already faced into two charges.

While the superseding indictment adds four new counts, only one is actually based on new accusations that had not already been detailed in an earlier criminal complaint and an indictment, which was unsealed on Feb. 19.

The new charge, monetary transactions involving crime proceeds, accuses Mr. Silver of transferring more than \$287,000 in what the indictment says were the proceeds of his crimes into investments that were not available to the general public.

Mr. Silver was arrested on Jan. 21 on charges that he abused his office in order to obtain nearly \$4 million in illicit payments through two law firms, while saying publicly that the money came from legitimate legal work.

Mr. Silver, a Democrat from the Lower East Side of Manhattan, was forced to step down as speaker after his arrest. He has pleaded not guilty. His lawyers, Joel Cohen and Steven Molo, have filed papers seeking to have the charges dismissed.

In a statement in response to the new indictment, they said: "This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss. We are reviewing this new pleading and we will respond as before, in court."

Sheldon Silver hit with new charges over investments tied to alleged kickback schemes

NEW YORK DAILY NEWS /
BY Stephen Rex Brown /
Thursday, April 23, 2015, 8:40 PM

Federal prosecutors brought new charges Thursday against disgraced former state Assembly Speaker Sheldon Silver that detailed the lengths the pol allegedly used to yield big returns on his \$4 million in corrupt cash.

The dirty money Silver earned through his twin kickback schemes was parked in a “private, high-yield” low-risk investment vehicle not available to the general public, the new indictment charged.

In return, Silver “took certain official actions as requested by the investor” who was not paid for his services, the indictment charged.

Silver began investing the money — along with legally earned cash — in the vehicle, papers charged. By January, he had transferred \$642,000 into the investment vehicle, which had grown to a value of \$1.4 million.

In 2011, when a change in state law requiring more disclosure regarding legislators’ outside income appeared on the horizon, Silver transferred more than \$340,000 in the investment vehicle to the name of a family member, documents charge.

The move avoided “future disclosure to the public of the full amount of his investment,” according to the indictment.

Silver now faces seven charges — as opposed to the three contained in the original indictment filed in February — including monetary transactions involving criminal proceeds.

Mark Lennihan/AP

Silver, now facing seven charges in total, has pleaded not guilty and remains an assemblyman.

The rewrite was an indicator of prosecutors’ weak case, Silver’s attorneys, Joel Cohen and Steven Molo, said in a statement.

“This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss. We are reviewing this new pleading and we will respond as before, in court,” they said.

Silver is accused of two schemes. In one, he allegedly steered two real estate developers with business before the state Legislature to a law firm that paid him kickbacks. He is also accused of awarding state grants to a doctor who referred patients suffering from the effects of asbestos to a different law firm, which gave Silver referral fees.

Earlier this month, Judge Valerie Caproni issued a warning to Manhattan U.S. Attorney Preet Bharara that his comments regarding Silver veered dangerously close to compromising the case against the embattled Lower East Side Democrat.

The new indictment was not accompanied by a press release.

Silver has pleaded not guilty and remains an assemblyman.

Beefed-up indictment says Silver took official actions at investor’s request

Buffalo News
By Matthew Spina
April 23, 2015 8:37 PM

ALBANY – Former Assembly Speaker Sheldon Silver took “certain official actions” requested by a private investment executive believed to be Buffalo’s Jordan A. Levy, a longtime Silver friend whose advice helped make the once-powerful Democratic leader a wealthy man, according to a new indictment handed up by a federal grand jury on Thursday.

The indictment filed by U.S. Attorney Preet Bharara in Manhattan does not identify the investor, who was not paid any fees by Silver but who allegedly did get the former Assembly boss to move on undisclosed official acts in his longtime role as one of Albany’s most powerful government leaders. The new indictment does not allege any criminal acts by the investor and goes out of its way to stress that Silver did not reveal to the investor the source of what prosecutors say were the former Assembly leader’s “crime proceeds.”

Levy, a partner in JoRon Management LLC, an investment firm, has been represented in the Silver probe by lawyer Dennis C. Vacco, a former state attorney general and former U.S. attorney from Western New York.

“Throughout the course of this investigation,” Vacco said Thursday, “Jordan Levy and JoRon have cooperated fully with the federal authorities. We provided them with all of the documentary evidence that they asked for and met with them several times at their request. The only time, during the time period articulated in the indictment that Jordan Levy ever had conversations with Sheldon Silver in his official capacity as speaker was when Jordan Levy would talk about Buffalo-based projects, UB 2020, the Erie Canal Harbor and similar community-based initiatives.”

Levy was the first chairman of the Erie Canal Harbor Development Corp., but resigned to begin Z80 Labs, an incubator for technology and biotechnology startups that for a time was housed in The Buffalo News building at Washington and Scott streets. Empire State Development and the state’s Innovate New York grant program deemed it worthy of millions of dollars in financing.

The amended charges against Silver beef up the original February indictment with new details in what has grown from a three-count case to seven counts alleging illegal acts by Silver.

A federal grand jury Thursday signed off on a superseding indictment brought by Bharara that includes a new count – “monetary transactions involving crime proceeds” – outlining how prosecutors believe Silver shifted illegal financial gains into various high-yield investments, including at least two with Buffalo connections.

The superseding indictment stretches over 33 pages, compared with the original 24-page indictment against Silver in February. The gist of the original charges are all there: how Silver used his state post to boost his income from a Manhattan trial law firm, helping steer state money to a doctor who then retained Silver’s firm and how Silver helped negotiate with Gov. Andrew M. Cuomo and Senate leaders to put an end to the anti-corruption Moreland Commission investigative panel as it was probing Silver’s outside business interests.

The amended indictment again identifies Silver’s connections in Buffalo where he invested some of his alleged illegally obtained money. Silver had cash investments, the original and new indictments say, in JoRon Management LLC and Counsel Financial Services. JoRon is an investment management company run by Levy, a longtime personal friend of Silver, and partner Ronald M. Schreiber. Counsel Financial is a Williamsville-based firm.

The case against Silver alleges that he enriched himself with nearly \$4 million in payments by steering real estate interests to a firm run by a former top Assembly staffer and from a Manhattan law firm with which he

was long associated; the firm, Bharara alleges, paid Silver referral fees for asbestos-related cases from a Manhattan physician who Silver helped get a state contract.

Silver has maintained his innocence and his lawyers have sought to get the case dismissed. Silver stepped down from the Assembly speaker's post, which he held since 1994, but is still a member of the Assembly Democratic conference.

Silver's attorneys, Joel Cohen and Steven Molo, said in a statement that the rewritten indictment was an indication of the weakness of the prosecutors' case.

"This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss. We are reviewing this new pleading and we will respond as before, in court," according to the statement reported on the web site of the New York Daily News. The amended indictment includes separate mail and wire fraud in the asbestos and real estate-related matters – adding up to six distinct counts against Silver. The seventh count alleges Silver from 2006 through January 2015 took what prosecutors say was "crime proceeds" and put them into investments – which he sought to hide – that were "not available to the general public."

The new indictment says Silver used his connections with an investor – identified only as "Investor-1" – who provided Silver access to high-yield investment opportunities, including a low-risk source referred to as "Investment Vehicle-1."

The indictment alleges Silver did not pay the investor any fees "although Silver took certain official actions as requested by Investor-1," the superseding indictment states.

The new indictment, though, adds: "At no time did Silver truthfully disclose to Investor-1 or Investment Vehicle-1 the source and origin of the funds that Silver provided for these investments."

The indictment states Silver in 2011, with new disclosure requirements for lawmakers' outside incomes, shifted more than \$340,000 in Investment Vehicle-1 from his name to the name of a family member. By 2015, that investment account grew to more than \$1.4 million, prosecutors say.

It has been public knowledge for several weeks that Silver entrusted several hundred thousand dollars to Levy and his JoRon Management. Levy bought stock for Silver in, among other things, tech firm Synacor and in Clover Management, a local builder and manager of housing projects for senior citizens. Through JoRon, Silver also placed money into Counsel Financial, which provides loans and lines of credit to law firms, usually to help them through legal cases taken on contingency. Silver continued to place money into Counsel Financial through his own channels. The company's principals are leading figures of the law firm that employed Silver, Weitz & Luxenberg.

While the role of "Investor-1" parallels the role of Levy, "Investment Vehicle-1" is believed to be loans to Counsel Financial.

Silver eventually placed some \$1.3 million into interest-bearing loans to Counsel Financial. On the personal financial disclosure form he gave the Legislative Ethics Commission, Silver revealed that a note worth \$500,000 to \$750,000 would come due from Counsel Financial in September 2016, and that he and his wife collected interest income of \$100,000 to \$150,000 from Counsel Financial in 2013.

Later in the new indictment, JoRon is named as one of the many stewards of Silver's investments that are expected to protect his assets so that the government may claim them should Silver be convicted. JoRon, Clover Management and Counsel Financial already have agreed to a court order freezing Silver's funds and demanding

that they pay any future income due Silver to the U.S. Marshals Service. Counsel Financial went beyond the order and transferred all Silver money to the Marshals Service, according to a lawyer representing the firm in this matter, Terrence Connors of Buffalo.

Revised indictment adds to charges against Silver

Newsday

By YANCEY ROY

Updated April 23, 2015 10:39 PM

ALBANY -- A grand jury revised its indictment of former Assembly Speaker Sheldon Silver Thursday, dividing up earlier charges and adding a new money-laundering charge that accuses him of granting favors to an investor that let him hide ill-gotten gains.

When it originally indicted Silver in February, the grand jury filed one count each of mail fraud, wire fraud and extortion. U.S. Attorney Preet Bharara accused Silver of pocketing bribes disguised as legal fees involving asbestos litigation and challenges of property-tax assessment.

In a new, superseding indictment, Silver (D-Manhattan) now faces seven charges. The grand jury filed wire fraud, mail fraud and extortion involving the alleged asbestos scheme and the same three charges for the tax assessment. It added a new charge of "monetary transactions involving criminal proceeds," essentially accusing Silver of hiding ill-gotten gains through a series of financial transactions.

Silver, the indictment alleged, transferred \$340,000 in 2011 from his own bank account to an investment account "in the name of a family member" so he could avoid mentioning the money in his annual financial disclosure statement. By 2015, Silver "had transferred \$642,000" from his own account to the investment account, the indictment continued.

Silver did not pay any fee to the investor, who wasn't named in the document. Instead, "Silver took certain official actions as requested" by the investor, the indictment alleged, adding that the investor was not aware of the source of Silver's money.

Bharara's office declined to comment on the reasons for filing the superseding indictment.

Silver's attorney didn't immediately comment.

Silver, one of the most powerful men in New York politics over the past 21 years, is alleged to have steered real-estate legislation and funneled state medical research funds in return for \$4 million in kickbacks disguised as legal referral fees. Silver, 71, has pleaded not guilty and has said he will be "vindicated."

Under pressure from his colleagues, Silver resigned Feb. 2 as speaker but has retained his Assembly seat.

One scheme allegedly involved getting a doctor to refer asbestos patients to Silver's law firm, Weitz & Luxenberg of Manhattan. Silver allegedly received \$3.3 million in referral fees and, in exchange, used a health-care fund he controlled to direct \$500,000 to the doctor's research hospital. Silver now is on leave from the law firm.

Ex-N.Y. Speaker Silver Hit With New Charges Over Investments

Bloomberg Business

By Edvard Pettersson and Bob Van Voris

8:01 PM April 23, 2015

Former New York Assembly Speaker Sheldon Silver was charged with moving kickbacks into high-yield investment funds as part of a federal corruption case that has already forced the Manhattan Democrat to step down from his post.

Silver used his relationship with an unidentified investor, who wasn't told where the money came from, to distribute his "crime proceeds across numerous high-yield investment vehicles not available to the general public," prosecutors said in a revised indictment filed Thursday.

Silver took "certain official actions" as requested by the unidentified investor and didn't pay him a fee, according to the new indictment, which didn't elaborate on the actions.

Silver, 71, was one of the most powerful politicians in New York for more than two decades, with control over Assembly rule-making that gave him power to decide which bills would go to a vote. He stepped down from his post following his Jan. 22 arrest on charges including conspiracy, extortion and committing fraud while in office.

In the revised indictment in Manhattan federal court, prosecutors split the previously charged extortion and wire and mail fraud counts into separate counts for an alleged asbestos-referral scheme and what they said was a kickback conspiracy with real-estate developers.

Steven Molo, a lawyer for Silver, didn't immediately respond to a phone call to his office and an e-mail seeking comment on the new allegations after regular business hours.

The case is U.S. v. Silver, 15-cr-00093, U.S. District Court, Southern District of New York (Manhattan).

More Criminal Charges For Former Assembly Speaker Sheldon Silver

CBS New York
By Associated Press
April 23, 2015 11:37 PM

NEW YORK (CBSNewYork/AP) — More criminal charges were issued Thursday against former New York State Assembly Speaker Sheldon Silver.

The new charges in a superseding indictment involve the transfer of money and investments.

Silver was arrested in January on bribery and corruption charges, to which he has pleaded not guilty. He remains free on bail.

Authorities say the Democrat exploited his power to reap \$4 million in kickbacks in a case that has rocked New York's power structure.

During more than 20 years as Assembly speaker, Silver played a major part in creating state budgets and policies as one of Albany's "three men in a room" when big decisions are made: the governor, the Senate majority leader and the speaker.

Known as a backroom master, Silver could single-handedly decide the fate of legislation, determining which proposals came up for an Assembly vote.

Prosecutors allege he illegally cashed in on his outsize influence, making big money by doing political favors — not legal work — for law firms.

The case prompted Silver's resignation from a leadership role that made him one of the state's foremost power brokers, roiling a state capital where 28 legislators have stepped down because of criminal or ethical issues during the past 15 years. Four others, including Silver, remain in office while fighting charges.

He stepped down as speaker after his January arrest, but he retains the lower Manhattan Assembly seat he has held for nearly 40 years.

Bharara expands indictment against Silver

Capital New York
By Colby Hamilton
6:40 p.m. | Apr. 23, 2015

Federal prosecutors announced a grand jury's superseding indictment against former Assembly speaker Sheldon Silver on Thursday, adding an additional charge that Silver profited from funds that were acquired through allegedly fraudulent schemes.

Silver was indicted by U.S. Attorney Preet Bharara's office in February on federal corruption charges that allege he profited from his leadership position in the Legislature, through schemes that involved kickbacks for real estate and asbestos referrals.

The new charge alleges that, in or around 2006, Silver began using money derived from those schemes to open an investment account with "Investor-1," who, according to the new indictment, "had access to private, high-yield investment opportunities, to distribute his crime proceeds across numerous high-yield investment vehicles not available to the general public."

The funds came from an account that Silver used to deposit both his checks from the Assembly, as well as the outside income.

The investor provided access to a "private investment vehicle that promised a high annual rate of return with little risk" for which Silver "did not pay any fee or remuneration," according to the indictment, which also claims Silver "took certain official actions as requested by Investor-1."

By January 2015, the indictment claims that Silver moved approximately \$642,000 from his account into the investment fund, and that his account matured to a value of more than \$1.4 million.

In late March, Bharara's office filed a restraining order against additional funds not previously identified in the original indictment against Silver which the court had already put a freeze on.

A spokesman for Bharara's office declined to directly address the identities of the account or the investor in the new charge.

In a statement, Silver's lawyer Joel Cohen called the latest filing "an attempt by the government to address defects in the indictment that we raised in our motion to dismiss."

"We are reviewing this new pleading and we will respond as before, in court," Cohen said.

A request for comment from Levy's lawyer was not returned.

In addition to the additional charge, the government split the extortion and fraud charges from the original indictment, making each a single count in both the asbestos and real estate schemes, bringing the total counts against Silver from three to seven.

Prosecutors target Silver's investments

Capital New York

By Luca Marzorati and Colby Hamilton

7:48 p.m. | Apr. 23, 2015

Former Assembly speaker Sheldon Silver made more than \$750,000 from "investments not available to the general public," using money obtained from allegedly corrupt schemes, according to a superseding indictment filed by U.S. Attorney Preet Bharara's office on Thursday.

Silver was indicted in February on charges that he used his leadership position in the Legislature to profit from kickbacks from real estate and asbestos referrals.

In the additional charge filed Thursday, prosecutors allege Silver illegally invested in a firm that gave credit loans to lawyers pursuing class-action and mass tort suits.

The indictment does not name the investment entities, but the financial transactions match previous filings from the U.S. Attorney's office that indicate the firms are JoRon Management and Counsel Financial. Counsel Financial is chaired by Perry Weitz and Arthur Luxenberg, the named partners of Weitz & Luxenberg P.C., where Silver has long served as an "of counsel" attorney.

According to documents filed by federal prosecutors in the Southern District of New York, Silver used his relationship with JoRon Management, a Buffalo-area company run by Jordan Levy, to invest his money in Counsel Financial, which prosecutors call a "private investment vehicle that promised a high annual rate of return with little risk." According to the superseding indictment filed Thursday, Silver did not pay JoRon for investment advice.

The Buffalo News had previously reported that Counsel Financial and JoRon were run by Levy, a known associate of Silver's.

Dennis Vacco, a former state attorney general who represents Levy and JoRon, did not confirm or deny to Capital that they were identified in the new papers. But he did say that Levy—who has not been accused of any wrongdoing—has met several times with investigators and has a years-long relationship with Silver that included official interactions when Levy chaired the Erie Canal Harbor Development Corporation, a state subsidiary charged with developing a section of Buffalo's waterfront.

"JoRon has fully cooperated with the federal prosecutors from the southern district. ... They have nothing to hide and we provided them with everything they asked for," Vacco said by phone. "Jordan Levy, both in his official capacity at ECHDC and in his personal capacity as a longtime advocate for Buffalo, from time to time, spoke to Sheldon Silver about community-based projects. But it was never [for] personal [gain]."

In the indictment filed Thursday, both JoRon and Counsel are not identified by name, and are called only "Investor-1" and "Investment Vehicle-1."

The new superseding indictment lists a number of transactions made by Silver into "Investor-1 Account," beginning in July 2010. Three of the transactions—one in February 2013 for \$50,000, one in April 2013 for \$19,005 and another in May 2014 for \$16,397—are the same amounts and dates for transactions listed in the March restraining order as being transferred from Silver's personal account to JoRon to be invested.

Additionally, in its request to freeze funds, the government identified a May 2011 request by Silver to have his Counsel Financial assets divided between himself and his wife, Rosa. Records indicate, according to the government, that the only payments made into the account came from Silver's personal funds.

According to the superseding indictment, in 2011 Silver allegedly transferred "more than \$340,000" into "Investment Vehicle-1," which was in the name "of a family member," in an attempt to avoid recently passed disclosure requirements that would have forced him to report more of his outside investments.

Indictment adds new charge against Sheldon Silver

Albany Business Review

By Tom Caprood

Apr 24, 2015, 9:04am EDT

The Wall Street Journal reports a new criminal charge was filed Thursday in the federal corruption case against former New York State Assembly Speaker Sheldon Silver.

Silver is now charged with two counts each of mail fraud, wire fraud and extortion, in addition to a new charge of engaging in monetary transactions involving crime proceedings.

According to the Journal, the latest indictment alleges the longtime state lawmaker did favors for an investor in exchange for access to investment opportunities.

The Democrat, who represents Manhattan, had been one of the most powerful lawmakers in state government for two decades.

Following his arrest, Assembly Democrats voted in January to replace Silver as speaker. Assemblyman Carl Heastie, of the Bronx, was elected as Assembly.

Silver pleaded not guilty to charges of mail fraud, wire fraud, and extortion in February.

Read more from the Wall Street Journal.

US Atty Details Alleged Bribes In New Silver Indictment

Law360

By Kat Greene

(April 23, 2015, 8:20 PM ET)

Manhattan prosecutors bolstered their corruption suit against former New York State Assembly Speaker Sheldon Silver, saying Thursday that he shuffled more than \$4 million in allegedly ill-gotten gains from Weitz & Luxenberg PC and a real estate tax firm between investment accounts.

Federal prosecutors issued a superseding indictment against the once-influential Democrat, adding allegations that he took money paid to him by the law firms — for whom, prosecutors say, he did no legal work — and transferred it into accounts controlled by an unnamed investor who would then move it into another investment that paid out to Silver.

Silver now faces seven corruption charges related to alleged bribes and kickbacks disguised as legitimate outside income from his legal practice. The new indictment reorganizes some charges, separating payments he allegedly received for asbestos- and real estate-related work, and adds the investment account allegations.

Silver pled not guilty to the original three-count indictment, court records show.

“This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss,” Silver attorneys Joel Cohen of Stroock & Stroock & Lavan LLP and Steven Molo of Molo Lamken LLP said in a joint statement Thursday. “We are reviewing this new pleading and we will respond as before, in court.”

The high-profile case relates to Silver’s ties to New York asbestos and personal injury law firm Weitz & Luxenberg, where he was of counsel, and to a real estate tax firm.

According to prosecutors, Silver issued \$500,000 in state grants to a university research center established by a physician who had referred asbestos patients to Weitz & Luxenberg. In exchange, the firm paid Silver more than \$3 million in referral fees, even though he didn’t perform any legal work on the cases, the government alleged.

Prosecutors said Silver also received about \$700,000 in bribes and kickbacks from a real estate tax firm in exchange for inducing developers with business before the state to retain the firm’s services.

Silver pled not guilty Feb. 24, and that same day his lawyers filed a motion to dismiss the charges, arguing that U.S. Attorney Preet Bharara had created a “media frenzy” designed to convict Silver in the court of public opinion. The prosecutor’s comments violated ethical rules and U.S. Department of Justice guidelines, Silver’s defense team said.

Silver has argued that Bharara improperly leaked the charges to the media Jan. 21 and used “inflammatory rhetoric” in a news conference the next day. Bharara made additional unfair statements assuming Silver’s guilt during a Jan. 23 speech at New York Law School and a Feb. 10 interview with MSNBC, according to the defense.

But prosecutors said March 5 that Bharara had consistently stressed that the charges were merely allegations. The government called Silver’s motion to dismiss the indictment “a calculated effort to malign the U.S. attorney, and to mislead this court and the public.”

A spokeswoman for the U.S. Attorney's office declined to comment.

The government is represented by Carrie Cohen, Andrew Goldstein and Howard Master.

Silver is represented by Joel Cohen of Stroock & Stroock & Lavan LLP and Steven Molo and Justin Shur of Molo Lamken LLP.

The case is USA v. Silver et al., case number 1:15-cr-00093, in the U.S. District Court for the Southern District of New York.

— Additional reporting by Max Stendahl. Editing by Ben Guilfoy.

Report: New charges claim Sheldon Silver invested kickback money in Upstate

Syracuse.com

By Teri Weaver

April 24, 2015 at 7:25 AM, updated April 24, 2015 at 8:50 AM

SYRACUSE, N.Y. -- The amended indictment against former Assembly Speaker Sheldon Silver accuses the once powerful Albany leader of putting illegally obtained money into investments with at least two Buffalo-area connections, The Buffalo News reports this morning.

No investor is named in the new indictment, which now charges Silver with seven counts related to political corruption.

Matthew Spina and Tom Precious report the unnamed private investment executive is "believed to be Buffalo's Jordan A. Levy, a longtime Silver friend whose advice helped make the once-powerful Democratic leader a wealthy man."

They write: "It has been public knowledge for several weeks that Silver entrusted several hundred thousand dollars to Levy and his JoRon Management."

Silver has denied any wrongdoing. He continues to serve in the New York State Assembly.

From the report:

"The amended indictment again identifies Silver's connections in Buffalo where he invested some of his alleged illegally obtained money. Silver had cash investments, the original and new indictments say, in JoRon Management LLC and Counsel Financial Services. JoRon is an investment management company run by Levy, a longtime personal friend of Silver, and partner Ronald M. Schreiber. Counsel Financial is a Williamsville-based firm."

Prosecutors hit Silver with another charge over investment account

New York Business Journal
New York Business Journal Staff
Apr 24, 2015, 9:21am EDT

Former New York state Assembly Speaker Sheldon Silver will face yet another charge after prosecutors unveiled a new accusation related to the charges that led the Manhattan Democrat to step down as speaker earlier this year.

In that new charge, Silver is alleged to have used about \$642,000 from kickbacks to open an investment account that, over several years, grew to more than \$1.4 million, Capital New York reported. Silver allegedly “did not pay any fee or remuneration” the report added. In return, the Wall Street Journal said, Silver allegedly performed “certain official actions” at the request of the person running the investment account.

Furthermore, the WSJ reported, U.S. Attorney Preet Bharara’s office split the three original mail fraud, wire fraud, and extortion charges against Silver into six, bringing the total number of charges to seven.

Silver’s lawyers were quoted by Capital New York saying the new filing is “an attempt by the government to address defects in the indictment that we raised in our motion to dismiss.”

Prosecutor Adds New Charge to Sheldon Silver Indictment

The Lo-Down

By Ed Litvak

April 24, 2015 8:22 AM

Federal prosecutors yesterday filed a new charge against Lower East Side Assemblyman Sheldon Silver. The former Assembly speaker was indicted in February on allegations that he used his powerful positions to profit nearly \$4 million in illicit payments from two law firms.

Now U.S. Attorney Preet Bharara accuses Silver of placing large sums of money in a “private, high yield” investment fund “not available to the general public.” More from the Daily News:

Silver began investing the money — along with legally earned cash — in the vehicle, papers charged. By January, he had transferred \$642,000 into the investment vehicle, which had grown to a value of \$1.4 million. In 2011, when a change in state law requiring more disclosure regarding legislators’ outside income appeared on the horizon, Silver transferred more than \$340,000 in the investment vehicle to the name of a family member, documents charge. The move avoided “future disclosure to the public of the full amount of his investment,” according to the indictment.

After yesterday’s filing, Silver now faces seven charges, including the new count of “monetary transactions involving criminal proceeds.” The prosecutor split each of the three fraud previously filed into two charges.

Capital reported additional details about the investment firms allegedly used by Silver:

The indictment does not name the investment entities, but the financial transactions match previous filings from the U.S. Attorney’s office that indicate the firms are JoRon Management and Counsel Financial. Counsel Financial is chaired by Perry Weitz and Arthur Luxenberg, the named partners of Weitz & Luxenberg P.C., where Silver has long served as an “of counsel” attorney. According to documents filed by federal prosecutors in the Southern District of New York, Silver used his relationship with JoRon Management, a Buffalo-area company run by Jordan Levy, to invest his money in Counsel Financial, which prosecutors call a “private investment vehicle that promised a high annual rate of return with little risk.” According to the superseding indictment filed Thursday, Silver did not pay JoRon for investment advice.

In a statement, Silver’s legal team said, “This new filing is an attempt by the government to address defects in the indictment that we raised in our motion to dismiss. We are reviewing this new pleading and we will respond as before, in court.”

The judge in the case rejected the motion to dismiss but chastised Bharara for remarks he made before and after Silver’s January arrest.

Silver hit with new charges

Bharara claims he made \$750K through illegal investments

The Real Deal

April 24, 2015 08:00AM

A superseding indictment filed Thursday against former speaker of the New York State Assembly, Sheldon Silver, charged him with making illegal investments through private vehicles.

U.S. Attorney Preet Bharara claims that Silver made \$750,000 through a private investment that was not available to the public, using the money that he obtained through illegal kickbacks, Capital New York reported.

The kickbacks were the basis for his arrest and initial indictment.

The alleged illegal investment was in a firm that provides credit loans to lawyers pursuing class action suits.

Though the investment entities were not named in the indictment, Capital New York reported that the named dollar amounts match with previously revealed transfers to JoRon Management and Counsel Financial. The chairs of Counsel Financial are Perry Weitz and Arthur Luxenberg of Weitz & Luxenberg, the law firm where Silver has served as an “of counsel” attorney for years.

List of Charges Doubles for Sheldon Silver

Courthouse News Service

April 23, 2015

(CN) - A federal grand jury added more woe - and four more criminal counts - to New York state Assemblyman Sheldon Silver's plate in a superseding indictment issued Thursday.

Silver, 70, was charged with single counts of mail and wire fraud and extortion earlier this year. Prosecutors say Silver has been collecting millions in bribes and kickbacks since 2000, and masking the illicit earnings as legitimate income from his private-law practice.

Two law firms paid Silver more than \$6 million since late 2002, according to the criminal complaint against him, which goes on to identify the law firm of Weitz & Luxenberg as the source of more than \$5.3 million in Silver's earnings.

Thursday's 34-page superseding indictment adds a count each of the charges in the original indictment, this time differentiating the charges based on the sources of the kickbacks - real estate and asbestos.

A seventh charge for monetary transactions involving crime proceeds involves Silver's alleged transfers of the kickback money to various accounts and investment vehicles, according to the superseding indictment.

Silver pleaded not guilty to the original charges and said he was "confident I will be vindicated in the courtroom."

The assemblyman kept his seat after his Jan. 21 arrest but ended his 21-year run as speaker days later.

Sheldon Silver facing new charge pressed against him

News 10

By Ali Stewart

Published: April 24, 2015, 10:46 am | Updated: April 24, 2015, 10:51 am

ALBANY, N.Y. (NEWS10) – The government has brought a new charge against former Assembly Speaker Sheldon Silver.

Prosecutors say Silver transferred criminally derived money in amounts greater than \$10,000 dollars into investments that are not available to the general public.

Silver has already been indicted on charges that he exploited his power to reap \$4 million in kickbacks. Silver's attorneys say the new charge is an attempt to address flaws in the indictment that the defense pointed out.

Silver has pleaded not guilty and says he will be vindicated.

Dean Skelos

With Dean Skelos's Son Aboard, AbTech Seemed Confident in Bid for Nassau County Contract

The New York Times

By THOMAS KAPLAN

APRIL 24, 2015

For a little-known company that was rapidly losing money, AbTech Industries seemed on the verge of an improbable breakthrough.

On conference calls with financial analysts in 2013, AbTech executives spoke confidently about the possibility of winning more than \$10 million in government contracts to clean storm water. Despite the Arizona company's paltry track record and minuscule revenue, the executives seemed certain that AbTech would beat out its competitors for the work.

AbTech, it turns out, had good reason to be confident. Behind the scenes, the company had been working for months to try to persuade Nassau County, N.Y., to embark upon a storm-water project based on AbTech technology that could prove lucrative to the struggling company, according to documents and interviews with people who were involved in the project.

AbTech happened to have another weapon: It had hired Adam Skelos, the son of Dean G. Skelos, a Long Island Republican and the current majority leader of the New York State Senate, as a consultant to generate business.

Dean G. Skelos, a Long Island Republican who serves as majority leader of the New York State Senate. He and his son are the focus of a federal corruption inquiry. Credit Nathaniel Brooks for The New York Times
Months before Nassau County issued a request for proposals for the project, AbTech and a sister company, AEWS Engineering, prepared an unsolicited proposal for the county's consideration. The engineering firm later developed language that appears to have been intended to help the county write its request for proposals so that it would be tailored to AbTech's products. And Adam Skelos met with a top county public works official who later served on the committee that gave the AbTech proposal the highest rating of those submitted.

AbTech soon won a contract worth up to \$12 million from the county, Senator Skelos's political backyard, even though the company's proposal did not offer the lowest price. Federal prosecutors and the Federal Bureau of Investigation have been examining the deal as part of a broader criminal investigation focused on Senator Skelos and his son.

Investigators have been seeking, among other things, to determine whether Senator Skelos exerted any influence in matters involving AbTech, according to people familiar with questions that have been asked by federal authorities. In recent weeks, the prosecutors, from the office of Preet Bharara, the United States attorney for the Southern District of New York, have begun to present evidence to a grand jury, several people familiar with the matter said.

It is unclear what actions, if any, Senator Skelos has taken in connection to his son's business dealings, or how they might relate to state government; neither man, nor AbTech, has been accused of wrongdoing.

Nonetheless, the previously undisclosed details about AbTech's efforts to influence Nassau County raise new questions about the county's contracting practices. Those procedures are already the subject of a review by the county's acting district attorney that was prompted by a report in The Times about the federal investigation involving Senator Skelos.

AbTech, which markets a spongelike filter that is designed to remove pollutants from storm water, had searched for years for a big break. In 2012, the year before AbTech won the Nassau County contract, its publicly traded parent company, Abtech Holdings, had revenue of only about \$717,000. Overall, the company lost \$10.4 million that year, leading its auditors to express “substantial doubt” about its ability to keep operating.

But AbTech and AEWS Engineering saw the potential for big business in the county. In November 2012, just after Hurricane Sandy struck, the companies prepared a 28-page “unsolicited conceptual proposal” meant to “assist Nassau County in its reconstruction efforts.”

The proposal was addressed to the Department of Public Works, and its cover included the county’s seal. It suggested installing AbTech’s sponge product in pipes to remove pollutants from storm water.

In January 2013, according to another document obtained by The Times, AEWS developed the language that the county could use to shape a request for proposals for a storm-water treatment system that would follow along the lines of what the companies had originally proposed.

Specifically, the language suggested by AEWS called for the county to require bidders to use a filtration technology like AbTech’s sponge product to reduce bacteria in storm water.

Around this time, Adam Skelos met with Kenneth Arnold, a top official in the county’s Department of Public Works, according to Mary Studdert, a spokeswoman for the agency. When Mr. Skelos contacted Mr. Arnold, she said, he sought to “inquire on the status of the county’s storm water control program.” Mr. Skelos has no known expertise in storm-water projects.

Nassau County officials did not respond this week to questions seeking additional details about Mr. Skelos’s contact with county government, or the extent to which his efforts and those of AbTech influenced the county’s decision to issue the request for proposals and, ultimately, to award the contract to the company.

Whatever the motivations, the county decided to pursue a new storm-water treatment project. In February 2013, just three months after AbTech had prepared its unsolicited proposal for the Department of Public Works, the agency issued a request for proposals for a treatment system much like the one AbTech had suggested.

And just as the company had hoped, the solicitation specified that the primary goal of any new treatment system would be to reduce bacteria.

“It was ours to lose, as long as we did a good proposal,” said a person who was involved with the company’s submission and, like others interviewed for this article, asked for anonymity to avoid becoming entangled in the federal inquiry.

AbTech executives were upbeat. On a conference call in March 2013, the company’s founder and chief executive, Glenn R. Rink, told analysts that AbTech had more than \$10 million in pending proposals related to storm-water projects. When an investor asked whether there was competition for the projects, Mr. Rink said AbTech was in a “unique position” because of its antimicrobial technology.

On another conference call, in May 2013, Mr. Rink said that requests for proposals had been “written around our technology or what our technology does.”

“These are projects of magnitude that are game-changing for the company,” he added, before sounding another note of optimism about what was to come: “We feel comfortable that these orders are going to come through.”

He was correct, at least about the Nassau County contract. AbTech was selected for the job even though another company had submitted a proposal at a substantially lower price. In a memorandum in late May, the Department of Public Works, citing its "professional judgment," contended that AbTech's proposal would provide better value in the long run.

AbTech's parent, Abtech Holdings, said in a statement that it was "proud to have won the much-vetted Nassau County contract to address the urgent impacts of unchecked storm-water runoff." The statement also said the company was "passionate in wanting to keep the waters of Nassau County swimmable and fishable," and that "informing local political bodies and decision-makers about new technologies and more efficient methods to serve their communities is an honorable undertaking."

"Honest, industrious salesmanship was once praised, not questioned, in America," the statement added.

The company said it would cooperate with investigators, and added it had been assured that it was not a target of an inquiry.

With scrutiny over the contract increasing, the county executive, Edward P. Mangano, a Republican, proposed legislation this week that would require the disclosure of lobbying activities, including those engaged in by vendors and contractors. (Democratic county legislators offered a competing proposal.)

Although AbTech executives heralded the county's contract as a turning point for the company, and predicted that it would lead to similar deals with other local governments, no other major storm-water projects materialized.

Nassau County has failed to secure state legislation necessary to allow the AbTech contract to be completed as originally designed. And the company has been paid only a small amount of the potential value of the contract. In fact, according to a regulatory filing by Abtech Holdings, the county was billed only about \$90,000 last year.

The county, the filing showed, still ranked as the company's biggest customer.

Senate Republicans Say They're Standing Behind Majority Leader Dean Skelos

TWC News

By Nick Reisman

Thursday, April 23, 2015 at 08:00 PM EDT

ALBANY, N.Y. -- Days after it was confirmed Senate Majority Leader Dean Skelos was under federal investigation, the Long Island Republican emerged in public this week to say little about his legal troubles.

"The statement is the same as what we issued yesterday. The inquiry continues and we're cooperating fully," said Skelos.

Skelos denies he'll step down as the leader of the Senate Republicans, but confirmed he has hired a lawyer to represent him in the ongoing investigation from the U.S. Attorney's Office.

The legal troubles for Skelos come as state lawmakers settle in for what was already expected to be a busy post-budget legislative session, with a variety of issues ranging from the contentious Common Core education issues to the state's property tax cap under consideration.

"It doesn't help, but the real answer is it depends. I mean, right now we don't know a lot of facts, but if charges come down, it will certainly be a distraction," said Sen. Michael Gianaris, D-Queens.

Already this year, one legislative leader has been toppled by a corruption scandal. Less than a week after Speaker Sheldon Silver was arrested on corruption charges, he resigned from the top post under pressure from his Assembly colleagues to do so.

"Obviously, we've gone through our challenge and we've transitioned leadership I think incredibly well. It's been seamless, we've continued our work and we did a great job on the budget in my view," said Assembly Majority Leader Joe Morelle, D-Irondequoit.

For now, Senate Republicans are standing by Skelos, noting he hasn't been arrested and the exact details of the investigation have not been confirmed.

"The conference is fully supportive of the senator and it's just full-steam ahead right now," said Sen. Cathy Young, R-Olean.

Legislative insiders say things could change should Skelos be arrested. The investigation reportedly stems from the lawmaker influencing an Arizona-based company that employs his son.

Despite Being Investigated, Dean Skelos Has No Plans To Resign

JP Updates

By Suzanne Vega

04/23/2015 4:31 PM

Although Senate Republican Majority Leader Dean Skelos is under federal investigation for approving a storm clean-up contract with AbTech, a company his son also works for, he has firmly stated he has no plans of resigning from his current position.

“My statement is the same as what we issued (last week),” he said of his short written remarks regarding a reported investigation into matters related to him and his son, Adam, by U.S. Attorney Preet Bharara’s office. “The inquiry continues, and we’re cooperating fully.”

Skelos said he has hired an attorney, but he declined to identify that person. He said he does not plan to step down as leader, according to Times Union.

This is the first he has spoken in reference to the investigation, which came to light last week when the New York Times reported on U.S. District Attorney Preet Bharara’s investigation.

Preet Bharara’s investigation emphasizes whether Skelos used his political authority improperly, by awarding the contract AbTech, versus two other companies competing for the same job. In addition, they want to know if John Ciampoli, the man that formally authorized the contract, knew of Skelos’ son’s employment with the company.

Skelos appeared at ease at lawmakers first day back in Albany since the state budget was passed, despite the tensions surrounding him. Republican senators who did speak to reporters expressed support for him, as reported by Times Union.

Worrying and waiting for Bharara's next move

Newsday

By DAN JANISON

Updated April 23, 2015 8:40 PM

For the State Senate's Republican majority, the worry of the moment is compounded by the mystery of just what there might be to worry about.

To observers, the fact that U.S. Attorney Preet Bharara already has Assemb. Sheldon Silver (D-Manhattan) under indictment adds force and plausibility to reports that Senate Majority Leader Dean Skelos (R-Rockville Centre) now sits in the crosshairs.

No charges have been filed against Skelos. Nobody in authority can or will say for sure if or when that would happen. Word spreads of an active grand jury investigation. Everyone in political New York waits for the other shoe to drop.

The conference mood, by most accounts, has been subdued. "Everybody just seems to want to finish work and get out of here," said one Albany lobbyist with Senate contacts, citing the traditional June 30 close of the legislative session.

Trouble for Skelos, should it develop, would have a more sweeping effect on the political landscape than the current trouble for Silver, who was swiftly replaced in the top post by Assemb. Carl Heastie (D-Bronx). The Democrats' majority in that chamber remains overwhelming.

Skelos and colleagues hold a more precarious grip on power. Last year his caucus recouped a minimal 32-seat majority, which meant it could steer the house without help from the breakaway Independent Democratic Conference. A bit of wind in Republican sails came from past corruption prosecutions of top Democrats, including convicted ex-majority leader Malcolm Smith of Queens.

Presidential years, which heighten Democratic turnout, have proved worrisome for New York Republicans, regardless of prosecutors' targets. It was in 2008 that Skelos, only months after becoming majority leader, temporarily became a minority leader, so any accusations against Skelos could add an extra layer of worry to that in next year's campaigns.

As a group, Long Island's nine state senators -- all Republican -- could worry about losing out under new leadership. This could occur if Skelos decides to retire even without any duress. Sen. John Flanagan (R-East Northport) has been buzzed about as a possible successor.

But a vacancy could revive the traditional upstate-Long Island GOP rivalry, with Sens. Catharine Young (R-Olean) and John DeFrancisco (R-Syracuse) also mentioned as potential successors.

As individuals, several Long Island senators reportedly received their own federal subpoenas, as Bharara probes government actions within Skelos' home county of Nassau.

Besides a hefty measure of worry, some local Republicans privately express indignation and puzzlement. "Leaks from a grand jury are potentially illegal and certainly immoral," said one GOP attorney. Other insiders said they never saw Skelos as someone who would violate proper conduct and view Bharara as a grandstander. Unsettled inquiries by ambitious prosecutors can be unseen enemies for elected officials, especially those waiting for that other shoe to drop.

Violent and Organized Crime

Thomas Hoey

Banana King blasted by judge, gets 12 more years in jail

New York Post

By Natalie Musumeci and Rich Calder

April 23, 2015 | 6:49pm

A federal judge ripped self-proclaimed “Banana King” Thomas Hoey Jr. on Thursday as “a danger to the community” as he sentenced the already jailed Long Island businessman to an additional 12 years and seven months behind bars for his role in the 2009 death of Kimberly Calo, who overdosed on cocaine that Hoey supplied during a three-way sex romp.

“Thomas Hoey Jr. is a self-absorbed, self-pitying, selfish man who is a danger to the community,” said Manhattan federal Judge Kevin Castel.

“He preys on women but claims to be their friend and confidante... He deserves just punishment. The public needs to be protected from further crimes from his defendant.”

Castel sentenced Hoey to the maximum prison time agreed to under his plea deal with prosecutors.

A teary eyed Hoey said he has been waiting “a long time to be able to tell Kimberly Calo’s family how sorry I am and try to explain the tragic events that changed our lives forever.”

“No one expected this,” said Hoey, owner of the now-bankrupt Long Island Banana Co. “Three ordinary people, in less than hour — our lives changed forever.”

But members of Calo’s family who attended the sentencing weren’t buying the banana baron’s remorse.

“Although he seems repentant now, he seems more sorry he got caught,” Calo’s brother, Arthur Anderson, told the judge. “Every day this man is out he will continue this operation. Every day he is jail, he will not hurt another woman.”

“Kim was a beautiful loving person. She was always compassionate,” added Anderson. “One big mistake she made in her life was accepting an invitation to Manhattan at a \$700 a night hotel and partying with a millionaire.”

When pleading guilty last year, Hoey admitted he delayed in getting emergency assistance for Calo after she went into convulsions while snorting his coke in April 2009 — as he first tried to clean up the bloody, drug-filled crime scene at his \$700-a-night suite at The Kitano.

Hoey also forced the other gal involved in the three-way hotel orgy, Nicole Zobkiw, to lie to a grand jury about his role in the 41-year-old Calo’s death.

The 31-year-old Zobkiw, who was convicted for lying to a grand jury, died of a coke overdose in December.

Hoey is currently serving 1 ⅓ to 4 years in prison after being convicted of beating up current girlfriend Alison Bretherick in 2012. Bretherick attended the sentencing to support her jailbird lover and was sobbing throughout.

Hoey faces additional legal headaches.

He was slapped with additional criminal charges earlier this month that could carry up to another 45 years in prison for allegedly dipping into the pension fund at Long Island Banana Co. and using more than \$800,000 of the cash to fund his lavish lifestyle.

Long Island banana mogul Thomas Hoey Jr. gets more than 12 years in attempt to cover up woman's death after wild coke orgy

NEW YORK DAILY NEWS /

BY Stephen Rex Brown /

Published: Thursday, April 23, 2015, 8:44 PM

Updated: Thursday, April 23, 2015, 10:26 PM

A seething judge sentenced a Long Island banana mogul to more than 12 and a half years for his callous attempt to cover up a wild coke orgy in a Manhattan hotel room that ended with one woman dead of an overdose. Manhattan Federal Court Judge Kevin Castel slammed Thomas Hoey Jr. as a coldhearted millionaire who "used his wealth to fund a life in which his own pleasure at the center."

"In truth, Thomas Hoey Jr. is a self-absorbed, self-pitying, selfish man who is a danger to the community," Castel said.

Hoey callously stalled as Kim Calo, one of the women in the late-night romp on Jan. 10, 2009, foamed at the mouth, turned blue, and eventually died, Castel said.

Hoey told another woman in the room not to call 911, and prevented a security guard at the Kitano Hotel on Park Ave. from entering the room. Afterwards, Hoey waged an elaborate scheme to cover his tracks that ensnared Nicole Zobkiw the other woman in the orgy, as well as Hoey's limo driver and a friend.

"Hoey was not going to take a chance that his cocaine-based lifestyle was going to be exposed," Castel said. Calo's brother, Arthur Anderson, said Hoey was a bum.

"Mr. Hoey sounds repentant but he's really sorry he got caught," said Anderson, a former DEA agent. "Every day he's in jail he will not hurt another woman."

For his part, Hoey delivered a blubbing, incoherent apology in which he congratulated himself on his life of accomplishments while also lamenting the conclusion of the wild night.

"We were thinking time together in a safe classy hotel between consenting adults can be OK," Hoey said, before noting that he was elected class president in sixth grade and captain of his college baseball team.

"I hope it provides comfort to (Calo's family) knowing I'm in hell, literally."

The federal Probation Department had asked Castel to impose an unusually stiff sentence of 20 years on Hoey for his charges of conspiracy to distribute cocaine and obstruction of justice.

New York banana mogul sentenced in fatal, drug-fueled sex romp

Business Insider
Sebastien Malo, Reuters
Apr. 23, 2015, 6:38 PM

NEW YORK (Reuters) - A former Long Island banana importer was sentenced to prison for a second time in two months on Thursday after admitting to running a cocaine distribution scheme that authorities say led to the death of a woman who joined him in a three-way sex party.

Thomas Hoey Jr., 47, was sentenced to more than 12-1/2 years in prison by U.S. District Judge Kevin Castel in Manhattan.

The owner of now-bankrupt Long Island Banana Corp was previously ordered to serve as long as four years for beating his girlfriend.

Wearing dark gray prison scrubs, an unshaven Hoey pled for leniency, describing at length his charitable work and family life.

"I would never intentionally hurt anybody," he said, his voice often cracking as he spoke. He also apologized to the family of the victim. "Now I've lost everything, my business, my family, my freedom."

But Castel handed down what he described as a "stiff" prison sentence, fined him \$250,000 and ordered three years of supervised release.

"Thomas Hoey sees himself as a good guy," the judge said. "In truth Thomas Hoey Jr. is a self-obsessed, self-pitying, selfish man who is a danger to the community."

Hoey's attorney, Ronald Fischetti, said he would appeal.

The sentence came days after federal prosecutors unveiled a new indictment charging Hoey with embezzling \$800,000 from his company's retirement plan to pay for expenses.

In the case at hand on Thursday, Hoey pleaded guilty in August to conspiracy to distribute cocaine and suborn perjury, and obstruction of justice.

In 2009, Hoey met with two women at Manhattan's Kitano Hotel and offered them cocaine before having sex with both of them, prosecutors said.

After one of the women, Kimberly Calo, overdosed, Hoey refused to let the other woman, Nicole Zobkiw, his girlfriend at the time, call an ambulance. Instead, he called a friend who was a physician's assistant.

When Calo eventually received medical attention, she was declared dead, prosecutors said.

Hoey admitted in August that he had attempted to get Zobkiw to give false testimony to a grand jury investigating Calo's death. Zobkiw later died of a suspected cocaine overdose.

A jury earlier convicted Hoey of third-degree assault and tampering with evidence in the 2012 beating of Alison Bretherick on Manhattan's Upper East side. Bretherick sat in the public gallery at Hoey's sentencing.

Judge: Cocaine-based lifestyle led to 12-year prison term

Associated Press
By LARRY NEUMEISTER
Updated 10:00 pm, Thursday, April 23, 2015

NEW YORK (AP) — A former banana importer was sentenced Thursday to 12½ years in prison by a judge who said he distributed cocaine for years to maintain a party lifestyle that led tragically to a woman's death.

Thomas Hoey Jr., 43, was sentenced by U.S. District Judge Kevin Castel in Manhattan federal court.

The judge said Hoey displayed "callousness and indifference" at a sex party in January 2009 at a Manhattan hotel when a woman died from a combination of too much cocaine and alcohol.

"He wasn't going to take a chance that his cocaine-based lifestyle was going to be exposed," Castel said.

The judge said Hoey conspired with others from at least 2005 to 2010 to distribute large quantities of cocaine in social settings in exchange for social and sexual favors.

"The cocaine distribution was integral to his lifestyle of cocaine, sex and parties," Castel said.

Hoey pleaded guilty last August to conspiring to distribute narcotics and obstruction and perjury charges.

Hoey told Castel he was truly sorry for the woman's death and that he meant her no harm.

He also said he will forever regret that his arrest destroyed a banana importing business on Long Island that had been handed down to him from his father and grandfather.

The judge rejected efforts by Hoey's lawyer and friends and family to portray him as a benevolent man who had received over 200 awards and certificates for charitable deeds.

"In truth, Thomas Hoey Jr. is a self-absorbed, self-pitying and selfish man who is a danger to the community," Castel said.

The charges were filed after an investigation that followed Kim Calo's death in the hotel room.

U.S. Attorney Preet Bharara said in a release that "Hoey not only showed complete indifference to the life-threatening situation he himself created by providing cocaine to Kim Calo, he interfered with efforts to get her medical attention."

The prosecutor added: "He also waged an ongoing campaign, beginning immediately upon Ms. Calo's collapse, to destroy evidence, lie to investigators, and obstruct a grand jury investigation by pressuring a witness to perjure herself. The sentence he has received reflects the callousness of his crimes."

'Banana king' sentenced to over 12 YEARS prison for trying to cover up woman's death during cocaine-fueled three-way sex romp

- Thomas Hoey Jr., 43, was sentenced to 12.5 years Wednesday on charges of conspiracy to distribute cocaine, perjury and obstruction of justice
- Plead guilty in August that he 'refused to call for help' in 2009 when sex partner Kimberly Calo, 41, began seizing from snorting his coke
- The mother-of-two died from a lethal mix of cocaine and alcohol
- Hoey continued supplying cocaine to friends at wild parties after her death
- Hoey also admitted he coerced his other sex partner that night, Nicole Zobkiw, into lying about what happened to a grand jury
- 'Cocaine distribution was integral to his lifestyle of sex and parties,' judge said
- Hoey 'used his wealth to fund a life in which his own pleasure was at the center'

Daily Mail

By: Joel Christie For Dailymail.com

Published: 09:02 EST, 24 April 2015 | Updated: 09:08 EST, 24 April 2015

A Manhattan judge has delivered a blistering sentencing speech to a banana mogul who ignored a woman's seizures after feeding her cocaine at an all-night three-way sex romp and then tried to cover up her death, while putting the 'selfish' and 'self-pitying' millionaire away for 12 and a half years.

Thomas Hoey Jr., 43, who was sentenced Wednesday by U.S. District Judge Kevin Castel in Manhattan federal court, showed 'callousness and indifference' during the party in January 2009 at Midtown hotel The Kitano and even more when the victim, Kimberly Calo, 41, died from a lethal mix of cocaine and alcohol.

Castel said that distributing cocaine to friends was 'integral to the lifestyle of cocaine, sex and parties' of Hoey, who ran a lucrative banana importing business on Long Island he inherited from his father and grandfather.

'He wasn't going to take a chance that his cocaine-based lifestyle was going to be exposed,' Castel told the court, NBC New York reported.

Hoey, who finally plead guilty to the charges in August after long denying them, stopped the other woman in the hotel room, Nicole Zobkiw, from 911, and also prevented hotel security coming into the room as Calo - a mother of two - foamed at the mouth, bled from the nose, turned blue and died.

He even confessed to continuing to supply friends with cocaine following Calo's gruesome death as he helped hamper authorities' efforts to bring him to justice through 2010.

Hoey coerced Zobkiw to lie about what happened to a grand jury.

In truth, Thomas Hoey Jr. is a self-absorbed, self-pitying, selfish man who is a danger to the community

Castel said Hoey had used his supplies of cocaine to 'social and sexual favors' between 2005 and 2010.

'In truth, Thomas Hoey Jr. is a self-absorbed, self-pitying, selfish man who is a danger to the community,' Castel said, The New York Daily News.

Hoey apologized for what he did, but still managed to compliment himself, bringing up his life achievements and how he was made class president in the sixth grade.

He also said he will forever regret that his arrest destroyed his banana business after all the years and work his family had put into building the empire.

'We were thinking time together in a safe classy hotel between consenting adults can be OK,' Hoey said.

'I hope it provides comfort to (Calo's family) knowing I'm in hell, literally.'

Hoey's guilty pleas last year were the culmination of years of speculation and accusations regarding the importer's hard-partying and callous ways.

Calo collapsed and began 'frothing at the mouth' that night after consuming the high-quality cocaine the \$700-a-night suite at The Kitano hotel on Park Avenue.

Hoey allegedly wasn't alarmed by Calo's condition and said 'he'd seen this before' and that she 'was going to be fine.'

The banana mogul had sex with Zobkiw and then set his attention towards Calo, a personal trainer, retired NYPD detective Edward Boyle, who investigated Calo's 2009 death, said on the stand last year.

Calo had first snorted the coke laying on a coffee table and when she went back for more, she began overdosing and 'her head dropped to the table with a thud,' Boyle told jurors at Manhattan federal court, where Zobkiw was on trial for making false statements and perjury.

Zobkiw was later found guilty of lying to a grand jury about the fatal party.

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The court was told Zobkiw attempted to get Hoey to call the emergency services but he refused, allegedly telling her that Calo would be fine.

Zobkiw is seen in a security video going to the hotel reception three times to try and get help, Boyle revealed.

Boyle told the court that Hoey assured Zobkiw that a 'doctor friend' was on the way.

Zobkiw's lawyer Leonard Lato admitted his client had to tried to hide what happened on the night.

But she was intimidated two days before her grand jury testimony in 2011 by a 'corrupt lawyer' allegedly linked to Hoey, Lato said.

Zobkiw has not yet faced sentencing.

Under his new plea deal, Hoey faces 11 to 13 years in prison on federal charges.

For the state charges he tampered with evidence by trying to clean up Calo's blood, Hoey faces four years.

He's due for sentencing on the state charges next week.

On the federal charges, Hoey will be sentenced Dec. 15.

Sentenced for Sex Party Fatality and Girlfriend Abuse, Banana Mogul Now Faces Embezzlement Charges

The Clarkstown Police Department and the Rockland County Sheriff's Office assisted two federal investigations.

New City Patch

By Lanning Taliaferro (Patch Staff)

April 24, 2015

Produce distributor Thomas Hoey, Jr. is in trouble with the law on three fronts.

Hoey, 46, was indicted Tuesday and charged with embezzling assets from the profit-sharing plan of his now-bankrupt company, the Long Island Banana Corporation.

Then he was sentenced yesterday to 151 months in prison on federal charges connected to a fatal sex party in 2009. One of the two women with him in the Manhattan hotel died of a cocaine overdose, and he not only lied during the investigation into her death but convinced the surviving woman to lie about it too.

This week's activities in court follow his sentencing in February on a 2014 domestic abuse conviction. Hoey, who is married with 2 children, beat up his girlfriend, who refused to testify against him and visits him in jail, according to the New York Times.

The federal Drug Enforcement Administration announced the indictment April 22, alleging that Hoey stole more than \$800,000 from his company's retirement plan to pay for corporate and personal expenses.

Preet Bharara, the United States Attorney for the Southern District of New York, announced the sentencing April 23 by saying that Hoey had led a large-scale cocaine distribution conspiracy for more than five years—which led to the death of another person—and had engaged in a long-term scheme to obstruct the investigation into his crimes.

Both the DEA and Bharara thanked the Clarkstown Police Department and the Rockland Sheriff's Office for their work on the two federal cases.

"Thomas Hoey not only showed complete indifference to the life-threatening situation he himself created by providing cocaine to Kim Calo, he interfered with efforts to get her medical attention," Bharara said about the 2009 sex party that led to Hoey's guilty plea on charges of conspiring to distribute narcotics, conspiring to suborn perjury, and obstruction of justice. "He also waged an ongoing campaign, beginning immediately upon Ms. Calo's collapse, to destroy evidence, lie to investigators, and obstruct a grand jury investigation by pressuring a witness to perjure herself. The sentence he has received reflects the callousness of his crimes."

On the embezzlement indictment, DEA officials alleged that Hoey, the owner and president of the banana company and trustee for its profit-sharing plan, transferred more than \$800,000 from the plan to the company's corporate accounts. He then used the money to cover significant negative balances in the Company's accounts, to purchase, among other things, hundreds of thousands of dollars of produce, and for personal expenses.

He is charged with embezzlement from an employee benefit plan, interstate transportation of stolen money, wire fraud, and money laundering.

Civil Division

West Point cadet

Judge: Ex-USMA cadet's case against officers can proceed

Army Times

By Kevin Lilley

9:30 p.m. EDT April 23, 2015

A former U.S. Military Academy cadet who claims she was raped while enrolled at West Point in 2010 can continue her lawsuit against two general officers in USMA leadership positions at the time, a district court judge ruled April 13, but her case against the federal government will not move forward.

The plaintiff, who goes by "Jane Doe" in court documents, sued the government, former West Point superintendent Lt. Gen. Franklin Hagenbeck (now retired) and a former commandant of cadets, then-Brig. Gen. William Rapp, now the two-star commandant of the Army War College, in 2013. The suit alleges that the general officers failed in their mandatory duties to address sexual assault and harassment issues at the academy, including failing to "correct offensive conduct" or address a pervasive culture of inappropriate sexual behavior, ranging from incidents of improper touching of female cadets to cadet songs featuring sexually charged "violent language," documents show.

In ruling on a defense motion to dismiss all charges, District Judge Alvin Hellerstein of the U.S. District Court for the Southern District of New York said the plaintiff "has sufficiently alleged rampant hostility toward, and discrimination against, women at West Point," as well as sufficiently alleging that the named officers "knowingly allowed such practices to continue in violation of statutory obligations," to allow the case to continue.

While the judge upheld the claims under the Fifth Amendment's equal protection clause, Hellerstein dismissed all claims against the U.S. government that cited other statutes, removing the government from the suit as a defendant. He also dismissed claims against the general officers under the Constitution's due process clause, under which the plaintiff had alleged the sexually hostile environment created by the officers led to her rape and resignation, the ruling states.

Despite the dismissals, one of the three law students working on the case for the Yale Law School's Veterans Legal Services Clinic, which represents Doe, called the ruling "a significant victory."

"Judge Hellerstein correctly determined that our client alleged a legal wrong," Katie Wynbrandt said in an email Thursday, "and we are confident that she will prove her allegations in the subsequent phases of litigation."

A West Point spokesman said the academy was forwarding all requests for comment to the U.S. attorney's office for New York's southern district. A spokesman there declined to comment on the ruling, which was first reported by Reuters.

The plaintiff resigned from the academy in August 2010, three months after the alleged sexual assault by an unnamed male cadet and shortly before beginning her third year at the academy. Had she resigned after beginning her third year, she would've incurred an obligation either to enlist or repay the federal government for her education.

Hellerstein noted this in his ruling, saying that "[n]ot every complaint by a female service person against her commander gives rise to an equal protection argument to invoke the jurisdiction of the district courts," but that the court had jurisdiction because of the plaintiff's status as an unobligated student.

Rikers Island

Rare Video From Inside Rikers Island Jail Shows Inmate Being Beaten By Guards And A Gang

Kalief Browder was held at Rikers Island jail in New York City for three years on charges he allegedly stole a backpack. The New Yorker obtained two videos apparently depicting him being slammed to the ground, while handcuffed, by a guard and beaten by a gang.

BuzzFeed News

By Tom Namako

Posted on April 24, 2015, at 8:49 a.m.

Rare video footage from inside New York City's Rikers Island jail – which has been blasted by federal investigators for its abuse of inmates and sued by the Justice Department – shows a teenager apparently being slammed to the ground, while handcuffed, by a corrections officer and being beaten by a gang.

The footage was obtained by The New Yorker, which in October wrote an exposé on the conditions faced by Kalief Browder, who waited at the jail for three years to face a long-delayed trial for allegedly stealing a backpack. (The case against him was dismissed.)

In the first portion of the clip, a corrections officer is seen handcuffing Browder through his cell door so he can be taken to the showers. When Browder emerges from the cell, he and the officer seem to exchange words. Then, the officer pushes him repeatedly and eventually slams him onto the floor.

As Browder told the New Yorker after seeing the video for the first time:

“I just felt him tighten a grip around my arm,” he recalled, referring to the guard. “In my head, I was wondering why he tightened it so tight, like he never usually does, and that’s when he swung me and kept trying to slam me.” Browder says that, when a captain arrived, the guard explained that Browder had tried to run. “I was on the floor going crazy: ‘He’s lying! I didn’t do nothing!’ ”

He was later placed, again, in solitary confinement for the incident. New York City later ended the practice for juveniles after U.S. Attorney Preet Bharara found it was used “excessively.”

The second portion of the video shows Browder being beaten by a gang for several minutes.

Browder was being held in an area of the prison that was under the heavy influence of a gang, The New Yorker reported. A gang leader allegedly spit on him, and Browder punched him in the face. The situation devolved into a mass beating on the then-17-year-old.

“He decided that he needed to retaliate,” Jennifer Gonnerman wrote in The New Yorker. “If he had not, he said, it would have ‘meant they could keep spitting in my face. I wasn’t going to have that.’ ”

The New York City Department of Correction didn’t immediately return a request for comment.

Watch the Shocking Video of Abuse Inside New York's Rikers Island

Policy.Mic

By Gregory Krieg

April 24, 2015

Kalief Browder was 16 years old in 2010 when he was arrested for an alleged robbery and sent to Rikers Island in New York City to await trial. Over the next three years — as revealed in an interview and through video obtained by the New Yorker — he would be beaten by guards, attacked by mobs of fellow inmates and left in solitary confinement for months at a time. On May 29, 2013, after 31 court dates but no trial, the city dropped its charges. Browder was on a bus home the next afternoon. If his mother had been able to make his \$3,000 bail three years earlier, he would have been out in a day.

Browder's ordeal, as first reported by the New Yorker in 2014, lays bare routine, yet shocking, abuses inside the courtroom, where where Browder's Sixth Amendment right to a speedy trial was repeatedly violated, and in jail, where he was the victim of at least two — but likely dozens more — physical assaults.

Two of them were captured on tape, and a recording was obtained by the New Yorker:

Guard violence: After nearly two years in jail, still awaiting trial, Browder is lead from his cell in the Central Punitive Segregation Unit — where he was held in solitary confinement — to a shower.

As they walk, Browder appears to say something to the corrections officer, who throws him head-first into the concrete floor:

Soon, other officers appear, and Browder is further restrained. The bruises on his face were treated by the jail's medical clinic, whose staff reported they were caused by either an "alleged attack by staff" or "hitting his face into the shower wall," according to files retrieved by the New Yorker.

Browder told the New Yorker he was given more time in solitary as a result of the incident.

"After that happened, to be honest, I was scared to come out of my cell to get in the shower again, because I felt, if I come out of my cell and he slams me again, then I'm going to get more box days" in solitary, he said.

Gang attack: Browder had been at Rikers for a little more than five months, he said, when a "gang leader" in his housing unit spat in his face. Later that night, according to a detailed New Yorker account, Browder says he punched the teen who had spit at him. At least 10 inmates surrounded Browder and began to beat him:

Even after the single corrections officer present finally drives the group back (the second guard didn't arrive until 30 seconds after the beating began), the other inmates continue to drive toward Browder, kicking and punching him.

Eventually, the guards move Browder into an adjacent room, but the other inmates quickly knock down the door and continue their assault. They only back down when the first guard — who has been present for the entire two minutes — breaks out what appears to be a canister of pepper spray.

One of many: Browder's case, from the long terms in solitary confinement — two of this three years were spent in isolation, according to the New Yorker — to the abuse or neglect by corrections officers, is not unique. At any given time, Rikers Island holds an estimated 11,000 inmates, many of them young people awaiting trial on the city's congested court schedule. In December 2014, New York Mayor Bill de Blasio banned the solitary confinement of 16- and 17-year-olds, a move that was later expanded to all inmates under 21.

A few months earlier, U.S. Attorney Preet Bharara had filed his own report on the situation at Rikers. His findings were clear-cut and scandalous:

"Inmates see others being beaten and attacked and are afraid that they will face the same fate ... Simply put, Rikers is a dangerous place for adolescents and a pervasive climate of fear exists," Bharara's team wrote.

Speaking later, Bharara described Rikers as "a place where brute force is the first impulse rather than the last resort; where verbal insults are repaid with physical injuries; where beatings are routine while accountability is rare."